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AUTHOR Hamilton, Gayle; Friedlander, Daniel
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ABSTRACT

From July 1985 through September 1987, the County of San Diego, California, operated the Saturation Work Initiative Model (SWIM) as a demonstration project. The demonstration tested the feasibility and effectiveness of requiring ongoing participation in employment-related activities by a high proportion of persons on welfare. SWIM provided job search and unpaid work experience. SWIM also included some of the features emphasized in the Job Opportunities and Basic Skills Training (JOBS) program of the Family Support Act of 1988: the program required ongoing participation as long as people remained on welfare, had monthly participation goals, and included education and training among its services. One goal of the SWIM demonstration was to determine whether the program had an impact on employment and welfare dependence and whether the approach proved cost-effective. The random assignment research design included a sample population of 2,312 recipients of Aid to Families with Dependent Children in the experimental group and 2,302 in the control group--two-thirds of all who registered during the first year of SWIM. The study found that SWIM's effects on employment, earnings, and welfare receipt were encouraging, particularly for single parents who were already receiving welfare when they came into the program, and principal earners in two-parent welfare cases. For the single parents, SWIM produced gains in employment and earnings that were larger than those observed in any study of a program serving the full range of Work Incentive-mandatory caseload. For the principal earners (primarily male) in two-parent households, SWIM provided the first evidence of sustained earnings gains. For both groups, SWIM also resulted in notable welfare savings. (54 references.) (KC)

FINAL REPORT ON THE

SATURATION WORK INITIATIVE MODEL IN SAN DIEGO

Gayle Hamilton
Daniel Friedlander

Manpower Demonstration Research Corporation

November 1989

BOARD OF DIRECTORS

MDRC

FINAL REPORT
ON THE
SATURATION WORK INITIATIVE MODEL
IN SAN DIEGO

Gayle Hamilton
Daniel Friedlander

with

Barbara Goldman
David Long

Manpower Demonstration
Research Corporation

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The Authors

PREFACE

This is the final report on a demonstration of a welfare employment initiative operated in San Diego, California, between 1985 and 1987, when it was replaced by the Greater Avenues for Independence (GAIN) program. The demonstration was funded primarily by the Office of Family Assistance, in the Family Support Administration of the U.S. Department of Health and Human Services.

San Diego's Saturation Work Initiative Model (SWIM) occupies an important place in the evolution of welfare-to-work programs. Like many of the programs of the 1980s, SWIM provided job search and unpaid work experience. But SWIM also included some of the features emphasized in the Job Opportunities and Basic Skills Training (JOBS) Program of the Family Support Act of 1988: The program required ongoing participation as long as people remained on welfare, had monthly participation goals, and included education and training among its services.

One goal of the SWIM demonstration was to determine the maximum level of monthly participation feasible in such a program, as well as to understand the sensitivity of measured participation to different definitions of these rates. This was the subject of MDRC's first report on the demonstration, published in 1988. A second goal was to determine, using a rigorous random assignment research design, whether the SWIM program had an impact on employment and welfare dependence, and whether the approach proved cost-effective. That is the subject of this report.

SWIM's impacts on employment, earnings, and welfare receipt are encouraging, particularly for two groups: (1) single parents who were receiving welfare, rather than applying for it, when they enrolled in SWIM, and (2) principal earners in two-parent welfare cases. For the former, SWIM produced gains in employment and earnings that were larger than those observed in any study of a program serving the full range of the WIN-mandatory caseload. For the latter (predominantly male) group, SWIM provided the first evidence of sustained earnings gains. For both groups, SWIM also resulted in notable welfare savings.

These results are promising: The program led to clear substitution of work for welfare. But one aspect of the results remains troubling. While there was a reduction in dependence, there was little increase in family income, at least as measured in this study. Thus, government savings were not coupled with evidence that income improved for welfare families -- parents and children -- as the parents move into the labor force.

Judith M. Gueron
President

EXECUTIVE SUMMARY

From July 1985 through September 1987, the County of San Diego, California, operated the Saturation Work Initiative Model (SWIM) as part of a demonstration sponsored by the U.S. Department of Health and Human Services (HHS). The demonstration tested the feasibility and effectiveness of requiring ongoing participation in employment-related activities by a high proportion of the welfare caseload.

The program was targeted to those applying for or receiving benefits under the Aid to Families with Dependent Children (AFDC) program, the nation's major federally funded cash welfare program. Participation in SWIM was mandatory for the 40 percent of the caseload required by pre-1988 federal law to participate in the Work Incentive (WIN) program. Two groups comprised the "WIN-mandatory" portion of the caseload: single, generally female, heads of households with children age 6 or older (referred to as AFDC cases) and case heads, usually male, of two-parent households (AFDC-U or "Unemployed Parent" cases). Failure to comply with program requirements could lead to a temporary reduction or termination of a household's welfare grant. SWIM operated in two of San Diego's seven welfare employment offices, and served the most urban and disadvantaged part of the county's caseload.

The central aim of SWIM, in common with all welfare employment programs, was to help move people from welfare to jobs. The SWIM program model consisted of a fixed sequence of activities, which could result in individuals getting employed and/or leaving the welfare rolls at any point. Individuals were usually first assigned to a two-week job search workshop. Those who had not found jobs by the time they completed the workshop were assigned to three months of unpaid work experience as well as biweekly job club sessions. Those still unemployed after completing their work experience assignment would be assessed and referred to community education and training programs (SWIM itself did not operate these programs). In a typical month during the demonstration's second year, about 3,600 registrants were eligible for these services.

The Manpower Demonstration Research Corporation (MDRC) evaluated SWIM under

a contract from the California Department of Social Services. Its first report[1] explored the program's operations and registrants' participation rates and patterns. This second and final report focuses on SWIM's impacts and cost-effectiveness.

Policy Significance of SWIM

The SWIM demonstration reflected the federal government's interest in learning the extent to which welfare receipt could be tied to participation in activities designed to promote self-sufficiency. Where most previous welfare employment programs had only short-term obligations imposed on only a portion of the WIN-mandatory caseload, SWIM explicitly sought to maximize the proportion who participated for the duration of their stay on welfare. At the beginning of the demonstration, HHS set a target of monthly participation by 75 percent of those eligible for the program. Thus, the participation rates achieved in SWIM help to determine realistic benchmarks for future "saturation" programs.

SWIM also provided an opportunity to test the feasibility and effectiveness of programs that include an education and training requirement. In SWIM, however, this requirement was imposed only on those who completed job search and work experience without finding a job. Many individuals had found jobs or left welfare before reaching this third stage of the program model. SWIM's sequence of activities is in contrast to the Greater Avenues for Independence (GAIN) model currently operating statewide in California; in GAIN, basic education is the first component for those determined to need it.

More complex than many earlier welfare-to-work programs, the SWIM model had some features similar to the Job Opportunities and Basic Skills Training (JOBS) Program of the Family Support Act (FSA) of 1988, notably its emphasis on education (more likely to be a first component in JOBS programs than in SWIM) and the establishment of monthly participation targets (although JOBS defines these differently and sets higher targets for AFDC-U than AFDC mandatories). But JOBS, in combination with other provisions of FSA, differs from SWIM in key ways: It extends a participation mandate to women with children as young as age 3 (or age 1 at state option); requires schooling for young custodial parents without a high

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[1]Gayle Hamilton, Interim Report on the Saturation Work Initiative Model in San Diego (New York: Manpower Demonstration Research Corporation, 1988).

school diploma; offers funding for schooling or training (SWIM provided referrals); emphasizes services to long-term recipients; and offers medical assistance and child care benefits, for up to 12 months, to people who leave welfare because they get a job.

Overview of Findings

The findings suggest that San Diego achieved close to the maximum monthly participation rates possible in SWIM, but the maximum fell short of the 75 percent goal. During a typical month, approximately half of all program-eligibles were active in job search, work experience, education or training (through referrals by SWIM staff or on registrants' own initiative), or part-time employment. Excluding part-time employment, monthly participation rates averaged 33 percent. In order to attain these rates, staff worked with most of the people on the caseload. Most nonparticipants were found to be only temporarily inactive and to have legitimate reasons for not participating. Further, throughout the course of the demonstration, participation was substantial in all three of the major program components: job search, work experience, and education/training.

To test the effects of the saturation mandate and program activities, MDRC randomly assigned program registrants to two groups. (Random assignment ensured that the groups were similar.) Those in the experimental group were required to participate in SWIM; those in the control group were not eligible for SWIM activities but could, on their own initiative, enroll in other community programs. Many controls did enroll in education or training, but experimentals enrolled to a greater -- though not much greater -- extent.

The evaluation compared the employment, earnings, and welfare receipt of the experimentals and controls to determine the program's impact. During the two years after random assignment, SWIM led to sustained effects in all three areas. Among AFDC registrants, SWIM produced earnings gains that were among the highest, and welfare savings that were the highest, of those found in evaluations of similar programs.

Importantly, SWIM's effects on the employment, earnings, and welfare receipt of AFDC recipients -- as opposed to those who were applying for welfare -- were much greater than the effects found in previous programs. This subgroup was the more dependent segment of the sample. The magnitude of these impacts may in part reflect AFDC recipients' participation in education and training activities, as well as SWIM's overall ongoing participation mandate;

recipients in other programs had no such requirements. These impacts may also reflect high sanctioning rates and San Diego's long experience in operating welfare employment programs.

SWIM also achieved sustained employment, earnings, and welfare impacts for AFDC-U registrants. These findings are particularly noteworthy given the lack of prior evidence of earnings gains for this group in the few evaluations that included them.

SWIM's cost-effectiveness in terms of government budgets was clear-cut: Budget savings were substantial for the AFDC and AFDC-U groups as a whole and for applicants and recipients within each of these groups. In fact, multiplying the government budget savings by the number of individuals served by SWIM during the approximately two years the program operated suggests a saving of more than $12 million over the five-year analysis period (which included two to three years of projected SWIM impacts).

From the perspective of the people in the study, the benefit-cost results were more complicated. On average, for AFDC and AFDC-U experimentals, the program had little effect on net income: Financial gains in earnings were largely offset by reductions in government transfer payments. However, the experimentals depended more on employment and less on government transfer programs for their income. These results differed among subgroups: AFDC recipients showed net income gains; AFDC applicants showed net losses, a finding that is inconsistent with past research. The results were just the opposite among AFDC-U registrants: Recipients exhibited net losses, while applicants showed overall gains.

Program Context and Characteristics of the Sample

SWIM was implemented in an urban environment with several distinguishing features. First, during the period in which SWIM operated, the San Diego labor market was strong. Combined with California's relatively high welfare grant level (the second highest in the country), this enabled more program registrants to combine unsubsidized employment with the receipt of welfare than would be possible in most other states. Since those employed for at least 15 hours per week were considered to have fulfilled the program's participation obligation, the number available for assignment to program activities was reduced, thus lowering participation rates in SWIM-arranged activities.

Second, San Diego has a broad network of education and training facilities, particularly community colleges. This increased the likelihood that SWIM registrants -- both experimentals

and controls -- would participate in these programs on their own initiative. The existence of a broad service network also facilitated SWIM staff's placement of experimentals in these activities.

Third, the San Diego County Department of Social Services had extensive experience successfully implementing welfare employment programs. The SWIM model itself was an expansion of the county's previous program. This experience reduced start-up problems and probably resulted in more efficient use of resources.

Fourth, the county's regular WIN allocation from the federal and state governments was supplemented by special state monies and by federal demonstration funds. Funding levels were higher than for most previous welfare employment programs, and SWIM's participation rates may not be achievable in programs with more limited funding.

In this evaluation, AFDC and AFDC-U registrants were analyzed separately because the AFDC-Us, who made up one-third of the sample, typically had higher grant levels because they had more dependents, reduced need for child care services because a second parent was in the household, and more stringent welfare eligibility rules -- differences that may have affected their welfare and employment behavior.

Demographically, the two groups also differed. In terms of welfare status, a full 60 percent of the AFDC-U sample members were new applicants for welfare, not recipients; only 39 percent of the AFDC sample were applicants. The two groups also differed in ethnic composition and in proficiency in speaking English: Forty-two percent of the AFDC-Us were Hispanic, 25 percent were white, 20 percent were black, and 11 percent were Asian. Among the AFDC sample, 42 percent were black, 27 percent were white, and 26 percent were Hispanic. Almost 16 percent of the AFDC-Us spoke only Spanish, compared to 8 percent of the AFDCs. The two groups also differed in characteristics affecting employability: 54 percent of the AFDC-Us lacked a high school diploma or GED, compared to 44 percent of the AFDCs. Only 15 percent of the AFDC-Us had received welfare for five or more years over their lifetime, compared to 51 percent of the AFDCs. Finally, 31 percent of the AFDC-Us had never been employed during the two and one-half years prior to program registration, compared to 49 percent of the AFDCs.

Welfare applicants and recipients were also analyzed separately because of strong interest in the highly disadvantaged, who were concentrated in the recipient group. Compared to

applicants, recipients were more likely to lack a high school diploma or GED and to have had a long history of welfare receipt, and less likely to have had recent work experience.

Findings on Program Participation Rates and Patterns

The evaluation used two types of participation measures. The first, discussed in detail in the first SWIM report, shows the percentage of those eligible for the program in any given month who participated during that month (i.e., monthly participation rates). The main monthly participation-rate findings from the first report are summarized below.

The second, used in both reports, is longitudinal participation rates. This measure indicates the proportion of sample members who ever participated in each SWIM activity within two to three years of random assignment. This measure, when applied to both experimentals and controls, indicates the net effect of SWIM on individuals' propensity to participate in employment-related activities. The measure thus helps in interpreting impact and cost findings.

Monthly Participation Rates

- **The type of activity counted as "participation" greatly affected monthly participation rates: During the second year of SWIM, monthly rates averaged 22 percent if only program-arranged services were counted, increased to 33 percent when education and training activities initiated by registrants were added, and reached 52 percent if employment occurring while individuals were still registered with the program was included.**

In the evaluation, the totals to which these percentages applied (the denominator of the monthly rates) were those individuals who had attended a program orientation and were eligible for the program (i.e., registered with SWIM) at least one day during a given month. Those considered "participating" (the numerator) were individuals who were active in job search workshops or job clubs, work experience, education, training, or part-time employment for at least one hour during a given month, although registrants were usually active much longer.

Participation rates for SWIM as an ongoing program are best reflected in the monthly rates achieved in its second year. During different months of that year, the percent of those eligible for the program who participated in any program-arranged activity ranged from 18 to 28 percent. When registrant-initiated education and training are also counted, monthly rates

ranged from 31 to 35 percent. If employment while SWIM-registered was also counted as participation, the rates ranged from 47 to 55 percent.

- **While monthly participation rates fell short of the 75 percent goal, examination of the reasons for nonparticipation indicated that San Diego operated a program with a serious participation mandate and achieved close to the maximum rates possible for SWIM.**

Reviews of program case files indicated that close to 90 percent of those eligible for SWIM services in any month were either active or otherwise complied with program requirements during the month, even if they did not participate. Among those who were inactive yet complying with program requirements, many were assigned to components scheduled to begin during the next month; others were temporarily "deferred," i.e., excused from participating because of illness or other situational factors; and still others were pending deregistration from SWIM. The remaining one-tenth were inactive owing to what staff viewed as noncooperation or as a result of program staff failure to assign or follow-up registrants.

Thus, the SWIM monthly participation results suggest two conclusions: First, in order to achieve monthly rates of 50 percent, staff had to work with (and spend resources on) almost everyone in the caseload. Second, it would have been very difficult, under the SWIM program model, to achieve rates any higher than those obtained in the program.

- **SWIM's participation rates were greatly influenced by the program's operating environment. Consequently, localities may face unequal challenges in trying to achieve similar monthly participation rates in their own welfare employment programs.**

In a typical month of the SWIM demonstration, 19 percent of the WIN-mandatory caseload fulfilled their participation requirement by being employed at least 15 hours per week. In other states, jobs might not be as readily available or, alternatively, part-time work might move someone off welfare. Other relevant local factors that influenced SWIM's participation rates and can be expected to vary across locations include the availability of education and training opportunities, rates of welfare turnover, and the characteristics (and employability) of welfare recipients.

- **Although the concept of a monthly participation rate is relatively simple, the calculation of such a rate requires detailed, high-quality data.**

Although the existence of the SWIM automated tracking system made the calculation of monthly participation rates much easier than it would have been if only case file data had been available, both San Diego County and MDRC staff invested substantial time producing these rates. Within any given month of SWIM, there was great variability in registrants' patterns of program eligibility and participation. For example, individuals could move on or off welfare, participate on some days but not others, or move from one program component to another. In designing the automated system, care was taken to ensure that it contained all data items necessary to calculate the rates (e.g., start and end dates for all periods of SWIM eligibility and for all "spells" of participation in any program component). Once these data existed, complicated programming was required to calculate the rates. Furthermore, since monthly participation rates were very sensitive to the quality of the data used in the analysis (e.g., the accuracy of start and end dates), county staff spent substantial time ensuring the accuracy and completeness of these data.

Longitudinal Participation Rates

- **A substantial proportion of SWIM experimentals participated in job search and unpaid work experience, services that were not available to controls.**

More than half of the experimentals -- 54 percent of the AFDCs and 58 percent of the AFDC-Us -- participated in a job search activity for at least one day during the two to three years following their random assignment (the participation follow-up period used for this report).[2] Most were active in two-week workshops, which consisted of a week of three-hour-per-day group sessions designed to build self-confidence and job-seeking skills, followed by a week of two-hour-per-day telephoning of prospective employers. Many job search participants were active in biweekly job clubs as well. These consisted of two-hour sessions similar in format to the telephone portion of the job search workshops.

Participation was less extensive in the work experience component, the usual assignment following completion of the job search workshop. Approximately 21 percent of both AFDC

[2]The participation and benefit-cost follow-up period covers any activities that occurred through the end of June 1988, which provides two to three years of follow-up, depending on when an individual was randomly assigned. The impact analysis uses a uniform follow-up period of two years for earnings and two and one-quarter years for welfare for all sample members.

and AFDC-U experimentals worked at a worksite for at least one hour during the follow-up period, although participation was almost always much longer. Individuals were assigned to work in public or nonprofit agencies, generally for 20 to 30 hours per week over a 13-week period.

- **A surprisingly high proportion of controls enrolled, on their own initiative, in education or training programs. Nonetheless, SWIM increased experimentals' enrollment in education and training.**

Data from the local community college district indicate that, within the follow-up period, 22 percent of the AFDC controls and 17 percent of the AFDC-U controls participated for at least one day in adult basic or continuing education or in training courses; within this same period, 10 percent of the AFDC controls and 4 percent of the AFDC-U controls enrolled in college-level courses. Since staff of the San Diego County Department of Social Services had little if any contact with members of the control group, all (or virtually all) of these enrollments reflected client-initiated activity. This level is higher than that found for controls in other MDRC studies of welfare employment programs.

Experimentals were referred to education and training activities if they completed work experience without finding a job. Following an assessment to determine their next activity, they could be referred to Adult Basic Education (ABE) programs, emphasizing basic reading and simple computational skills; courses designed to prepare individuals for the General Educational Development (GED, or high school equivalency) examination; English as a Second Language (ESL) programs; vocational skills training; on-the-job training; or additional job search activities. As noted earlier, SWIM itself did not operate or fund the education or training activities. Rather, program staff referred registrants to already existing community programs, where scheduled instruction hours ranged from 10 hours per week for some basic education programs to 30 hours per week for vocational training.

An experimental-control comparison of participation rates in education and training programs revealed that SWIM increased enrollment in basic and continuing education and training courses but had very little effect on individuals' propensity to enroll in college-level courses, which were not a focus of the program. Among AFDC registrants, 28 percent of the experimentals enrolled in basic and continuing education courses during the follow-up period,

resulting in a 7 percentage point increase over the enrollment rate of controls. Among AFDC-U registrants, 24 percent of the experimentals enrolled in basic and continuing education -- a 7 percentage point increase in enrollment over the control group. In addition, among those who enrolled in these programs, experimentals stayed longer than controls. It is also notable that SWIM increased participation in all types of program services to a greater extent for AFDC recipients than for AFDC applicants.

- **SWIM staff rigorously enforced the program's mandatory participation requirement among experimentals.**

Eleven percent of the AFDC experimentals and 9 percent of the AFDC-U experimentals were sanctioned for failure to comply with program participation requirements within the two- to three-year follow-up period. These rates are relatively high, e.g., they exceed those calculated for most of the eight state welfare employment programs recently evaluated by MDRC.

Impact Findings

As noted earlier, the effects of SWIM on individuals' employment and receipt of welfare were estimated by comparing the experiences of the experimental and control groups over time. Average outcomes for *all* experimentals -- including those who participated in activities as well as those who did not participate -- were compared to averages for *all* controls. This means that sample members who were not employed (and thus had zero earnings) were included in the earnings averages and that individuals who received no welfare payments were included in the payment averages. Outcome differences between experimentals and controls were considered statistically significant if there was no more than a 10 percent probability that estimates as large as these could have occurred by chance. All impact analyses were performed separately for the AFDC and AFDC-U samples.

Follow-up data on earnings were obtained from the California Unemployment Insurance system; welfare payments data came from AFDC records maintained by the County of San Diego. Because the first quarter of follow-up data for each sample member generally included several weeks prior to random assignment, this report focuses on findings starting with quarter 2. Employment and earnings data were available for all experimentals and controls for at least

two years after the quarter of random assignment (quarters 2 through 9). Welfare payments were available for an additional quarter beyond that, providing a two and one-quarter year follow-up for welfare.

Impacts for AFDC Registrants

- **For AFDC registrants, SWIM produced sustained gains in employment and earnings that were among the highest found in evaluations of similar programs.**

The behavior of controls indicates what would have happened in the absence of SWIM. As shown in Table 1, just over half the controls -- 51 percent -- worked at some time during the two-year follow-up period. For experimentals, this rate was 63 percent, amounting to a statistically significant difference of 12 percentage points or an improvement of 23 percent over the control group rate. The average number of quarters of employment for experimentals also increased. The difference in employment rates between experimentals and controls in each quarter grew steadily during the early part of the follow-up period, leveling off at about 8 percentage points during the second year and then declining somewhat by the end of follow-up.

Over this same two-year period, controls had average earnings of $3,923, and experimentals earned $4,932, for a statistically significant $1,009 earnings gain, a 26 percent increase over the control group mean. Earnings impacts during the first follow-up year were $352 and increased to $658 during the second year. There was a modest decline in the experimental-control difference in earnings during the last few quarters of follow-up, but gains remained statistically significant throughout. The data suggest that most of the overall earnings increase was associated with increased employment among experimentals rather than greater earnings for each quarter employed. The earnings gains estimated for SWIM were of comparable magnitude to the largest found in MDRC's recent evaluations of eight state welfare employment programs.

- **SWIM achieved sustained reductions in welfare payments among AFDC registrants. They were large relative to earnings gains and greater than those found in evaluations of similar programs.**

TABLE 1

SWIM AFDC REGISTRANTS: IMPACTS ON EMPLOYMENT, EARNINGS, WELFARE RECEIPT, AND WELFARE PAYMENTS

Outcome and Follow-Up Period	Experimentals	Controls	Difference
Ever Employed (%)			
Quarters 2-9	62.5	50.7	+11.9***
Quarters 2-5	51.6	40.4	+11.3***
Quarters 6-9	49.4	40.0	+9.4***
Average Number of Quarters with Employment			
Quarters 2-9	2.72	2.15	+0.58***
Quarters 2-5	1.32	1.03	+0.29***
Quarters 6-9	1.40	1.12	+0.29***
Ever Employed (%)			
Quarter of Random Assignment	27.9	25.1	+2.7**
Quarter 2	30.7	24.7	+6.1***
Quarter 3	33.0	25.6	+7.4***
Quarter 4	33.6	25.8	+7.8***
Quarter 5	34.7	26.9	+7.7***
Quarter 6	34.9	26.7	+8.2***
Quarter 7	35.6	27.4	+8.2***
Quarter 8	35.2	28.4	+6.8***
Quarter 9	34.7	29.3	+5.4***
Average Total Earnings ($)			
Quarters 2-9	4932	3923	+1009***
Quarters 2-5	2029	1677	+352***
Quarters 6-9	2903	2246	+658***
Average Total Earnings ($)			
Quarter of Random Assignment	274	271	+4
Quarter 2	365	339	+27
Quarter 3	486	401	+85**
Quarter 4	568	456	+112***
Quarter 5	610	482	+128***
Quarter 6	677	484	+193***
Quarter 7	717	545	+172***
Quarter 8	743	597	+146***
Quarter 9	766	620	+146***

(continued)

TABLE 1 (continued)

Outcome and Follow-Up Period	Experimentals	Controls	Difference
Ever Received Any AFDC Payments (%)			
Quarters 2-10	92.1	92.9	-0.8
Quarters 2-5	91.3	92.0	-0.8
Quarters 6-9	64.3	71.4	-7.0***
Average Number of Months Receiving AFDC Payments			
Quarters 2-10	16.31	17.94	-1.63***
Quarters 2-5	8.60	9.12	-0.53***
Quarters 6-9	6.34	7.22	-0.88***
Ever Received Any AFDC Payments (%)			
Quarter of Random Assignment	91.2	91.4	-0.3
Quarter 2	89.7	89.9	-0.1
Quarter 3	79.0	81.6	-2.5*
Quarter 4	70.6	76.1	-5.5***
Quarter 5	66.0	72.4	-6.4***
Quarter 6	60.9	68.3	-7.3***
Quarter 7	57.3	64.7	-7.4***
Quarter 8	53.8	60.6	-6.9***
Quarter 9	51.3	58.7	-7.4***
Quarter 10	48.1	55.1	-7.0***
Average Total AFDC Payments Received ($)			
Quarters 2-10	8590	9687	-1097***
Quarters 2-5	4424	4830	-407***
Quarters 6-9	3408	3961	-553***
Average AFDC Payments Received ($)			
Quarter of Random Assignment	1194	1194	+0
Quarter 2	1286	1333	-47**
Quarter 3	1120	1225	-105***
Quarter 4	1032	1160	-129***
Quarter 5	987	1112	-125***
Quarter 6	922	1065	-143***
Quarter 7	867	1011	-144***
Quarter 8	826	963	-136***
Quarter 9	792	922	-129***
Quarter 10	758	896	-137***
Sample Size	1604	1607	3211

NOTES: Dollar averages include zero values for sample members not employed and for sample members not receiving welfare. Rounding may cause slight discrepancies in calculating sums and differences.

Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; *** = 1 percent.

Comparable numbers of experimentals and controls started out on welfare at the beginning of follow-up, but experimentals left the rolls more rapidly. By quarter 10, 55 percent of controls were on welfare compared to 48 percent of experimentals, a statistically significant difference of 7 percentage points, representing a 13 percent reduction relative to the control group. On average, over the two and one-quarter years of welfare follow-up, experimentals spent more than one and one-half months less time on the rolls.

Over the welfare follow-up period, total welfare payments averaged $9,687 per control and $8,590 per experimental. The difference was a statistically significant reduction of $1,097 per experimental, an 11 percent welfare saving relative to the control mean. The experimental-control difference in quarterly grant payments increased through quarter 7, leveling off at a slightly lower amount thereafter but remaining statistically significant. In annual terms, welfare savings were $407 per experimental in year 1 and $553 in year 2 (not counting the saving in the extra quarter 10).

The annual welfare impacts of SWIM were large relative to the estimated earnings gains. Three factors contributed to this result. First, the great majority of welfare reductions were associated with individuals leaving welfare rather than with lower monthly payments for persons staying on the rolls. Second, it appears that a number of experimentals who became employed in the early quarters of follow-up subsequently stopped working but remained off welfare. Thus, there was a small but statistically significant increase in the number of quarters experimentals were without earnings or welfare. Third, some reductions, particularly in the early quarters, may have stemmed from the imposition of sanctions among experimentals who were judged by staff to be noncompliant with SWIM program requirements.

In dollar terms, the welfare savings per experimental for the full SWIM AFDC sample were larger than any found in MDRC's recent evaluations of welfare employment programs. As discussed below, the decision to include recipients in the program target group -- prior to SWIM, San Diego had worked only with applicants -- clearly contributed to this outcome. In addition to the factors already named, the high level of welfare grants in California relative to other states may also have played a role. It is often suggested that programs in high-grant states will not achieve welfare savings because enrollees can obtain relatively high earnings without becoming ineligible for welfare. The SWIM results suggest that the opposite side of the coin may be equally or more important in high-grant states: There are greater dollar savings when a case is closed.

- **Impacts for AFDC recipients were substantial. Three-quarters of the aggregate observed earnings impacts of SWIM and two-thirds of the welfare savings accrued to recipients.**

Program administrators with limited program funding often allocate fewer resources to the less employable, more dependent individuals in the program-eligible caseload under the belief that services will be less effective for them. In the SWIM sample, recipients as a group were more dependent than applicants. Without program assistance they fared considerably worse than applicants: Only 45 percent of recipient controls worked at some point during follow-up compared to 59 percent of applicant controls (Table 2). In the last quarter of follow-up, 64 percent of recipient controls were receiving welfare, while only 41 percent of the applicant controls were on the rolls. Recipient controls spent an average of nearly 21 months on welfare during the follow-up period, but applicant controls stayed an average of only 14 months.

The relatively weaker labor market performance of recipient controls left more room for the program to produce improvements, however. As shown in Table 2, the rate of job-finding jumped from 45 percent for recipient controls to 60 percent for experimentals. Employment rates were higher for experimentals than for controls in every quarter through the end of follow-up, and rates of welfare receipt were lower. As found in prior research, the ratio of welfare savings to earnings gains was relatively large for recipients. Recipients' two-year earnings gain totaled a statistically significant $1,222 per experimental ($333 in the first year, $889 in the second). The two and one-quarter year welfare saving was also $1,222 (statistically significant). Both earnings impacts and welfare savings for recipients were larger in the second year than in the first, and the experimental-control difference will clearly persist beyond the observed follow-up.

The magnitude of these impact estimates, combined with the fact that recipients made up 61 percent of SWIM enrollees, implies that recipients accounted for the bulk of the program's aggregate impacts. Consistent with evidence from similar experiments, the findings suggest that including large, relatively dependent segments of the caseload in programs can contribute to the realization of program goals, particularly for welfare savings.

TABLE 2

SWIM AFDC APPLICANTS AND RECIPIENTS: IMPACTS ON EMPLOYMENT, EARNINGS, WELFARE RECEIPT, AND WELFARE PAYMENTS

Outcome and Follow-Up Period	AFDC Applicants			AFDC Recipients		
	Experimentals	Controls	Difference	Experimentals	Controls	Difference
Ever Employed (%)						
Quarters 2-9	66.3	58.9	+7.4***	60.1	45.4	+14.7***
Quarters 2-5	57.9	48.3	+9.6***	47.5	35.4	+12.1***
Quarters 6-9	49.4	46.1	+3.4	49.4	36.3	+13.1***
Average Number of Quarters with Employment						
Quarters 2-9	2.87	2.59	+0.28*	2.63	1.88	+0.75***
Quarters 2-5	1.46	1.28	+0.18**	1.23	0.88	+0.35***
Quarters 6-9	1.41	1.30	+0.10	1.40	1.00	+0.40***
Average Total Earnings ($)						
Quarters 2-9	5906	5250	+656	4303	3081	+1222***
Quarters 2-5	2607	2238	+369	1652	1319	+333**
Quarters 6-9	3299	3011	+287	2651	1762	+889***
Ever Received Any AFDC Payments (%)						
Quarters 2-10	86.5	86.6	-0.1	95.6	96.9	-1.2
Quarters 2-5	85.4	85.5	-0.1	95.0	96.3	-1.3
Quarters 6-9	50.5	57.0	-6.6**	73.3	80.6	-7.3***
Average Number of Months Receiving AFDC Payments						
Quarters 2-10	12.37	13.91	-1.55***	18.84	20.54	-1.70***
Quarters 2-5	6.93	7.44	-0.51**	9.66	10.22	-0.55***
Quarters 6-9	4.47	5.30	-0.83***	7.55	8.46	-0.91***
Average Total AFDC Payments Received ($)						
Quarters 2-10	6268	7182	-914***	10079	11301	-1222***
Quarters 2-5	3381	3724	-343**	5090	5546	-456***
Quarters 6-9	2354	2821	-467***	4086	4694	-608***
Sample Size	646	612	1258	958	995	1953

NOTES: Dollar averages include zero values for sample members not employed and for sample members not receiving welfare. Rounding may cause slight discrepancies in calculating sums and differences.

Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; *** = 1 percent.

- **AFDC experimentals who were welfare applicants suffered some job loss during the second year of follow-up, lowering their longer-term earnings impacts. Their welfare reductions did persist, however, at least through the observable follow-up period, because many of them did not return to welfare.**

The employment *level* of experimental applicants at first climbed but then fell, from a peak of 38 percent in quarter 5 to about 34 percent in quarter 9. Whether this job loss resulted from individuals quitting their jobs or from layoffs, or from changes in marital status that permitted the women not to work, cannot be determined from the data. Whatever its cause, the job loss allowed applicant controls to "catch up," making second-year earnings impacts smaller than those in the first year. Total earnings gains for the two years were $656 (not statistically significant). Total welfare savings (including the extra quarter) were a statistically significant $914.

These results illustrate that long-term earnings gains require sustained employment. They also show that when employment effects are not sustained, the earnings gains may be reduced relative to welfare reductions, at least in the short run. The estimates do *not* imply that it will always be difficult to produce sustained employment for applicants or that program operators should not work with applicants; in fact, evaluations of similar programs have found earnings gains for this group.

Impacts for AFDC-U Registrants

- **For AFDC-U registrants, SWIM led to sustained gains in employment and an overall increase in earnings. Welfare reductions persisted through the end of follow-up and were large relative to the earnings gain.**

As shown in Table 3, 70 percent of experimentals and 62 percent of controls found employment at some point during the two-year follow-up. This was a statistically significant 8 percentage point difference, or 13 percent improvement, over the control group rate. Quarterly employment rate impacts continued through the end of follow-up, at which point 44 percent of the experimentals and 37 percent of the controls were employed. The program also increased the average number of quarters of employment.

These employment gains were associated with a $954 increase in earnings over the two-year period -- a statistically significant increase of 14 percent over the control group mean of

TABLE 3

SWIM AFDC-U REGISTRANTS: IMPACTS ON EMPLOYMENT, EARNINGS, WELFARE RECEIPT, AND WELFARE PAYMENTS

Outcome and Follow-Up Period	Experimentals	Controls	Difference
Ever Employed (%)			
Quarters 2-9	70.3	62.3	+8.1***
Quarters 2-5	58.1	49.5	+8.7***
Quarters 6-9	57.7	51.8	+6.0**
Average Number of Quarters with Employment			
Quarters 2-9	3.17	2.76	+0.41***
Quarters 2-5	1.50	1.28	+0.22***
Quarters 6-9	1.67	1.48	+0.19**
Ever Employed (%)			
Quarter of Random Assignment	38.0	35.6	+2.4
Quarter 2	35.9	29.4	+6.5***
Quarter 3	37.6	31.9	+5.7**
Quarter 4	38.8	32.9	+5.9**
Quarter 5	38.0	33.7	+4.3*
Quarter 6	39.7	36.4	+3.2
Quarter 7	41.9	37.4	+4.5*
Quarter 8	41.4	36.9	+4.4*
Quarter 9	43.7	37.2	+6.5**
Average Total Earnings ($)			
Quarters 2-9	7601	6647	+954*
Quarters 2-5	3307	2806	+500*
Quarters 6-9	4294	3840	+454
Average Total Earnings ($)			
Quarter of Random Assignment	562	537	+24
Quarter 2	662	552	+110
Quarter 3	839	685	+154*
Quarter 4	882	770	+112
Quarter 5	923	799	+124
Quarter 6	939	888	+51
Quarter 7	1073	944	+129
Quarter 8	1124	980	+143
Quarter 9	1159	1029	+130

(continued)

TABLE 3 (continued)

Outcome and Follow-Up Period	Experimentals	Controls	Difference
Ever Received Any AFDC Payments (%)			
Quarters 2-10	87.9	88.9	-1.1
Quarters 2-5	86.5	86.8	-0.3
Quarters 6-9	60.5	65.2	-4.7*
Average Number of Months Receiving AFDC Payments			
Quarters 2-10	14.78	15.69	-0.91*
Quarters 2-5	7.58	7.95	-0.36
Quarters 6-9	5.87	6.31	-0.44
Ever Received Any AFDC Payments (%)			
Quarter of Random Assignment	85.8	84.5	+1.3
Quarter 2	83.5	83.9	-0.4
Quarter 3	67.5	71.4	-3.9*
Quarter 4	64.7	67.7	-3.0
Quarter 5	60.3	62.8	-2.6
Quarter 6	54.5	59.2	-4.6*
Quarter 7	52.6	57.5	-4.9*
Quarter 8	51.2	54.1	-2.9
Quarter 9	49.3	50.5	-1.2
Quarter 10	47.4	50.3	-2.9
Average Total AFDC Payments Received ($)			
Quarters 2-10	9682	10783	-1101***
Quarters 2-5	4883	5300	-417**
Quarters 6-9	3897	4448	-551***
Average AFDC Payments Received ($)			
Quarter of Random Assignment	1264	1276	-13
Quarter 2	1422	1469	-48
Quarter 3	1192	1322	-130***
Quarter 4	1167	1281	-114**
Quarter 5	1102	1227	-125**
Quarter 6	1020	1171	-151***
Quarter 7	1008	1131	-123**
Quarter 8	951	1085	-135**
Quarter 9	919	1060	-142***
Quarter 10	902	1035	-133**
Sample Size	687	654	1341

NOTES: Dollar averages include zero values for sample members not employed and for sample members not receiving welfare. Rounding may cause slight discrepancies in calculating sums and differences.

Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; *** = 1 percent.

$6,647. The first-year impact of $500 was statistically significant; the second-year impact of $454 was not, which may be due in part to the smaller sample sizes available for AFDC-Us than for AFDCs.

Average welfare grant payments made to experimentals during the two and one-quarter year welfare follow-up period totaled $9,682, which was $1,101 less than the $10,783 in payments made to controls, a statistically significant 10 percent saving. At the end of the follow-up period, reductions in welfare payments were still strong, amounting to $133 in the last quarter. Experimentals spent nearly a month less time on welfare, a statistically significant decrease.

Although observed AFDC-U welfare impacts approximately equaled estimated earnings gains, this finding was more to be expected for AFDC-U registrants than for AFDCs. Unlike AFDCs, AFDC-U registrants became ineligible for assistance if they worked more than 100 hours in a month, regardless of their earnings. The child care allowance made when computing welfare grants, which could offset grant reductions for working AFDC (single-parent) registrants, was generally not received by AFDC-Us (two-parent case heads). Moreover, in most cases, the sanction penalty for AFDC-Us was complete case closure, rather than the partial and temporary grant reduction for AFDCs.

- **Most AFDC-Us were welfare applicants, but the bulk of welfare savings was accounted for by recipients. The savings for recipients substantially exceeded their earnings gains.**

As was also the case for AFDC registrants, the higher level of dependency of the AFDC-U recipients did not mean that SWIM could not have an impact on them. Statistically significant increases were found for recipients in the number of experimentals who found jobs, the number of quarters of employment, and in several of the quarterly employment rates. Welfare payments were reduced from $14,699 per recipient control to $12,884 per experimental, a statistically significant saving of $1,815, nearly three times the saving per AFDC-U applicant. Thus, although recipients constituted only 40 percent of the AFDC-U sample, they accounted for two-thirds of the observed aggregate welfare savings. Earnings gains for recipients did not exceed those for applicants, however, and offset less than half of the recipients' observed loss in welfare income.

Benefit-Cost Findings

The benefit-cost findings measure the overall gains and losses to SWIM eligibles and to government budgets as a result of SWIM. These estimates, like the impact estimates, present the *net* benefit-cost picture for experimentals compared to controls.

This analysis extends the impact results in several important ways. First, it takes into account costs as well as benefits and, further, considers a wider range of program effects or benefits. The analysis includes not only the program's impacts on earnings and welfare payments, but also the estimated effects on fringe benefits, tax payments, Unemployment Insurance, Medi-Cal (California's Medicaid program), Food Stamps, and the administrative costs associated with these transfer programs. With the exception of Unemployment Insurance benefits, these effects are imputed from the observed earnings and welfare effects, as well as other information; they were not measured directly.

Second, using a number of assumptions, the analysis projects program effects continuing after the end of data collection, i.e., after mid-1988. This longer-range view is necessary because most costs are incurred early, when participants are still active in the program, whereas benefits can be expected to accrue over a longer time as individuals continue to work and pay taxes. Thus, the benefit-cost estimates extend over a five-year period for each sample member, starting with his or her date of random assignment, and include both observed and projected effects. Since one cannot know to what extent the program's benefits will continue to accrue, two different assumptions were used: that there will be no decay (i.e., that the program's effects during the projected years will be the same as they were for the last year of actual follow-up) and that there will be some decay (assumed to be 22 percent annually). Consequently, benefit-cost findings are presented as ranges (expressed in 1986 dollars) rather than point estimates.

Third, the benefit-cost analysis is concerned with how gains and losses differ depending on the perspective taken. From the perspective of the experimental group, did SWIM make them better off financially? From the perspective of government budgets, did SWIM result in net gains or losses?

While this analysis aims at comprehensiveness, it cannot take all the possibly relevant factors into account. For example, it does not include the possible displacement of other

workers by any increased employment of experimentals or the intangible benefits associated with society's preference for work over welfare.

- **Gross program costs totaled $1,545 per AFDC experimental and $1,292 per AFDC-U experimental. If the costs of registrant-initiated education and training activities are excluded, the total cost was $1,130 per AFDC experimental and $1,025 per AFDC-U experimental.**

The benefit-cost analysis takes into account the costs of all program activities that were related to the operation of SWIM. Several different groupings of these costs may be of interest to policymakers. The *gross* cost of the program includes the costs of all services received by the experimental group. This is the sum of the SWIM operating costs, the SWIM support service and allowance costs, and the costs of all community education and training services received by experimentals. Operating costs and support service expenditures accounted for about three-fifths of the gross cost per experimental; education and training costs borne by community agencies accounted for the remaining two-fifths.

The *total* cost of SWIM estimates the costs of all *program-arranged* services received by experimentals. Thus it excludes expenditures on education and training activities that experimentals sought out on their own initiative (estimated to equal the costs of education and training services received by the control group). About four-fifths of the total cost per experimental represented program operating and support service costs; only one-fifth represented costs borne by community agencies in connection with referrals made by SWIM staff to education and training activities.

- **Net program costs were $919 per AFDC experimental and $817 per AFDC-U experimental. These costs were surprisingly close to the net costs estimated for an earlier, less comprehensive welfare employment program in San Diego.**

Net costs reflect the incremental use of resources by the experimental group beyond that of controls, since controls could receive some of the same services as experimentals. The net cost thus consists of the estimated cost of all services to controls -- registration and orientation provided by the welfare department as well as education and training services provided by community agencies -- subtracted from the gross cost of services provided to experimentals. This is the estimate that is compared to net benefits in the benefit-cost analysis.

The extensive use of community education and training services by control group

members accounted for much of the large difference between the gross and net costs per experimental. For example, while the gross cost borne by providers of education and training services totaled $664 per AFDC experimental, these expenditures totaled $415 per AFDC control, for a net cost of $249 per AFDC experimental.

The net costs of San Diego's previous welfare employment program were calculated by MDRC several years ago. This program operated county-wide from 1982 to the start of SWIM, was targeted to AFDC and AFDC-U applicants, and involved a limited-term job search and work experience participation requirement. The similar net costs of the two programs suggests that large efficiency savings can be realized over time as program administrators and line staff acquire experience operating welfare employment programs.

- **Over the five-year period (which includes projections), SWIM produced substantial net savings for government budgets, amounting to more than $1,500 per experimental among both AFDC and AFDC-U registrants.**

Although the net cost of SWIM was sizable, reductions in experimentals' use of transfer programs, concomitant reductions in the administrative costs of these programs, and increases in experimentals' payment of Social Security and income taxes outweighed the cost of the program. On a per-experimental basis, government budgets benefited by an estimated $1,563 to $1,795 per AFDC experimental and $1,729 to $1,970 per AFDC-U experimental. (See Table 4.) Overall, for every dollar spent on SWIM, government budgets saved $3.

Government budget savings were substantial for applicants and recipients in both assistance categories. Among AFDC experimentals, budgetary per-person savings over five years were slightly higher for recipients than for applicants: between $1,441 and $1,633 for applicants and between $1,633 and $1,891 for recipients. This same pattern was true for AFDC-U experimentals, but the differential was greater: Government savings were between $1,386 and $1,604 per AFDC-U applicant and between $2,250 and $2,525 per AFDC-U recipient.

- **From the perspective of the people in the study, SWIM's economic effect was less positive. Overall, the program had little effect on AFDC and AFDC-U experimentals' net income over the five-year period. However, results differed for specific subgroups of experimentals, with some groups gaining and some losing as a result of the program.**

TABLE 4

ESTIMATED GAINS AND LOSSES PER SWIM EXPERIMENTAL OVER 5 YEARS, FROM THE PERSPECTIVES OF THE GOVERNMENT BUDGET AND THE WELFARE SAMPLE, BY ASSISTANCE CATEGORY

Component of Analysis and Perspective	AFDC	AFDC-U
Government Budget		
Gains		
Payroll Taxes	$314 to 358	$318 to 345
Income and Sales Tax	-58 to -66	109 to 118
AFDC Payments	1908 to 2064	1802 to 1957
Non-AFDC Transfer Payments	268 to 302	272 to 317
Transfer Payment Administrative Costs	49 to 54	45 to 50
Total	2482 to 2714	2546 to 2787
Losses		
SWIM Operating Costs	-571	-556
Support Service and Allowance Payments	-72	-48
Use of Community Education and Training Programs	-249	-194
Other Program Costs	-27	-20
Total	-919	-817
Net Present Value	1563 to 1795	1729 to 1970
Welfare Sample		
Gains		
Earnings	$1990 to 2271	$2003 to 2173
Fringe Benefits	239 to 272	240 to 261
Support Service and Allowance Payments	72	48
Total	2301 to 2615	2291 to 2482
Losses		
Tax Payments	-85 to -98	-254 to -275
AFDC Payments	-1908 to -2064	-1802 to -1957
Non-AFDC Transfer Payments	-268 to -302	-272 to -317
Total	-2261 to -2464	-2328 to -2549
Net Present Value	39 to 151	-37 to -67

NOTES: Results are expressed in 1986 dollars. Because of rounding, detail may not sum to totals.

The 5-year time horizon begins at random assignment and includes 2 to 3 years of observed benefits and 2 to 3 years of projected benefits. The first number of each range assumes that program effects decline by 22 percent per year during the projection period; the second number assumes that the most recent program effects continue for the remainder of the 5-year period.

The net present value is the sum of all gains and losses.

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As shown in Table 4, AFDC experimentals experienced a net gain of $39 to $151 per person, and AFDC-U experimentals exhibited a slight net loss of $37 to $67 per person over the five-year period. These findings reflect the fact that experimentals' gains in earnings and fringe benefits were largely offset by increased taxes and reductions in transfer payments. Thus, while experimentals approximately "broke even," they depended more on employment and less on government transfer programs for their income.

Benefit-cost results differed, however, for applicants and recipients. AFDC applicants experienced net losses -- between $878 and $883 -- as a result of SWIM; on the other hand, AFDC recipients showed overall net gains of between $631 and $818. From the perspectives of AFDC-U applicants and recipients, the results were just the opposite: Applicants showed overall gains of $529 to $558, while recipients exhibited losses of $906 to $937.

* * *

In general, the San Diego SWIM findings confirm the results from previous evaluations of welfare employment programs, which concluded that these programs usually produce increases in earnings and reductions in welfare expenditures. SWIM also provides new evidence that programs can be effective for AFDC recipients, a more disadvantaged group than AFDC applicants. For this subgroup, SWIM produced larger impacts than those observed in past programs, possibly because of its ongoing participation requirement, higher participation rates, and inclusion of education and training services. Thus, the SWIM findings are encouraging, especially as states move towards implementing JOBS, which emphasizes provision of a range of services to long-term welfare recipients.

While these results are promising, a final assessment of SWIM's achievement would benefit from longer-term follow-up, which would indicate the durability of program impacts. Since education and training programs are often lengthy, and are designed to be an investment with future returns, their full effects on earnings and welfare receipt may not have been captured within this study's follow-up period.

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CHAPTER 1

INTRODUCTION

San Diego's Saturation Work Initiative Model (SWIM), operated by the County of San Diego from July 1985 through June 1987,[1] was part of the two-site Demonstration of Saturation Work Programs in an Urban Area (Philadelphia was the other site), funded primarily by the Office of Family Assistance (OFA) of the U.S. Department of Health and Human Services. The demonstration was intended to test the feasibility of having a very high percentage of program-eligibles participate continuously in a welfare employment program (75 percent or more in any given month was the arbitrarily chosen goal). The demonstration was also intended to determine the effectiveness of such a saturation program in promoting employment and reducing welfare receipt among its target group: applicants for and recipients of benefits under the Aid to Families with Dependent Children (AFDC) program, the nation's major federally funded welfare program.

The program model, which was developed by the San Diego County Welfare Department and the California State Department of Social Services (SDSS), called for those eligible for the program to be initially assigned to job search programs, which were to teach them how to find and retain unsubsidized jobs. Upon completing job search, if they had not found a job, they were to be referred to the Employment Work Experience Program (EWEP), where they would be required to work for 13 weeks in public or nonprofit agencies in exchange for their welfare benefits. Following work experience, recipients were to be assessed by program staff and referred to community education and training programs.[2]

Program-eligibles included both single-parent AFDC heads of family (primarily mothers) and heads of two-parent families (primarily fathers) in the Unemployed Parent (AFDC-U)

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[1]Several components of the SWIM program continued to operate through September 1987. In October 1987, San Diego County began implementation of California's new statewide welfare employment initiative -- the Greater Avenues for Independence (GAIN) Program -- which replaced SWIM in San Diego.

[2]This sequence was intended to be the most common one, but the model allowed for alternatives: Those who were already enrolled in self-initiated training or education programs or who already had part-time jobs were allowed to continue with those activities. However, if they completed or dropped out of those programs or stopped working, they were required to participate in SWIM's job search and subsequent activities.

category.[3] Ongoing participation in SWIM activities was required of all WIN-mandatory AFDC and AFDC-U applicants and recipients. The head of an AFDC-U household is automatically WIN-mandatory; most AFDC heads of household whose youngest child is at least 6 years old are considered WIN-mandatory.[4] Those in noncompliance with program requirements faced the possibility of having their welfare grants temporarily reduced or terminated. The program operated in two of the seven welfare employment offices in San Diego County, covering about 40 percent of the county's caseload.

The Manpower Demonstration Research Corporation (MDRC) evaluated SWIM under a contract from the California Department of Social Services. This report is the second of two. The first report[5] examined the feasibility of continuously serving a large proportion of WIN-mandatory individuals in a mandatory, fixed-sequence, multi-component program; presented different ways of measuring participation; and suggested various factors that affected participation levels. It also provided preliminary findings on the impact of the program.

This report examines the longer-term impacts of the program and compares the program's costs to its benefits. Importantly, to aid in interpreting the findings, the report also presents information on the extent to which SWIM increased registrants' participation in job search, work experience, education, and training beyond what individuals would have done on their own.

Compared to previous welfare employment programs evaluated by MDRC, SWIM had several especially distinctive features. First, the demonstration was an attempt to set a realistic

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[3]In this report, AFDC (called AFDC-FG -- Family Group -- in California) refers to welfare cases headed by a single parent. AFDC-U (also called AFDC-UP) refers to two-parent households in which the principal earner is unemployed; all principal earners must have had some recent connection to the labor force. The majority of AFDC-U cases are headed by married men; the heads of AFDC cases are mostly women. When the term "welfare" is used in this report, it refers to both the AFDC and AFDC-U programs.

[4]A little more than one-third of all welfare adult applicants and recipients are required to register for work or training in WIN (the federal Work Incentive Program) as a condition of receiving AFDC or AFDC-U benefits, i.e., are "WIN-mandatory." Heads of two-parent households covered by the program for unemployed parents (AFDC-U) are automatically considered mandatory. Heads of single-parent households covered by the AFDC program are mandatory, unless exempted because they are under 16 or over 65 years of age, under 21 and enrolled full-time in school, sick or incapacitated, the mother of a child under age 6, a caretaker of a sick person, the spouse of a WIN registrant, or live in a remote area or work at least 30 hours per week. It should be noted that the Family Support Act of 1988 requires participation of AFDC mothers with children aged 3 through 5 (and as young as age 1, at state option), and thus expands the mandatory population.

[5]Gayle Hamilton, Interim Report on the Saturation Work Initiative Model in San Diego (New York: Manpower Demonstration Research Corporation, 1988).

benchmark for defining the maximum feasible percentage of participants. This objective grew out of increasing interest in making welfare receipt more conditional on participation in employment-enhancing activities. SWIM was intended not only to test whether the target of 75 percent was achievable, but also to define the feasible upper bounds of a participation (or "saturation") standard.[6] To facilitate this feasibility test, OFA provided special funding to augment the county's regular WIN monies and state Employment Preparation Program (EPP) monies. Although previous welfare employment programs have encompassed the entire WIN-mandatory caseload in specific areas, rarely did they have either a clear saturation objective or funding levels even close to SWIM's.

Second, one objective of SWIM was to require registrants to participate continuously in program activities for as long as they remained on welfare. Most other welfare initiatives have had only short-term requirements (or requirements that were de facto short-term).

Third, like some current state initiatives, SWIM referred individuals to more intensive services than those usually offered, specifically, to education and training programs in public and nonprofit community organizations and schools (though no additional funding was provided to these organizations in connection with such referrals).

Thus the SWIM results illuminate the "payoff" of program models that include a "saturation" mandate, an ongoing participation requirement, and education and training components.

The rest of this chapter discusses, in turn, the origins and character of SWIM, the evaluation design, and the salient findings from the first SWIM report.

I. Background of the SWIM Project

A. National Developments in Welfare Employment Policy

The federal Work Incentive (WIN) program, created in 1967, was intended to provide skills assessment, job training, placement, and support services to help AFDC recipients become self-supporting. Originally voluntary, WIN became mandatory in 1971; i.e., program registration and participation were theoretically a condition for receiving AFDC benefits. However,

[6]The demonstration did not set a standard for intensity of participation, e.g., in terms of hours of participation per week or month. In addition, MDRC defined program-eligibles in any given month as those individuals who were WIN-mandatory and had previously attended a program registration/orientation session.

relatively few welfare recipients received employment and training services in the 1970s, primarily due to funding constraints.

The Omnibus Budget Reconciliation Act (OBRA) of 1981 was a milestone in the development of welfare employment policy. OBRA and related legislation permitted the states -- as part of their regular WIN programs -- to require applicants for AFDC and AFDC-U to participate in job search assistance, and recipients to take Community Work Experience Program (CWEP) assignments as a condition for receiving welfare benefits. (Recipients had been subject to job search and other requirements prior to OBRA.) In addition, the WIN Demonstration provisions increased states' flexibility in designing and managing their WIN programs.

In response to the OBRA flexibility, more than half the states established programs (but usually not statewide) requiring welfare recipients to participate in job search and/or work experience activities. MDRC's 1981-1988 Demonstration of State Work/Welfare Initiatives examined the effectiveness of post-OBRA programs in 8 states. In most of those states studied, participation rates were higher than those achieved in previous special demonstrations or in the WIN program.[7] Typically, within 6 to 9 months of registering with the new program, about half of the AFDC group had taken part in some activity for at least one day, and substantial additional numbers had left the welfare rolls and the program. The programs generally led to modest increases in employment, which in some cases were associated with welfare savings. The impacts were usually large enough to offset the program's costs, though not for every target group in every state.

Unlike SWIM, most of the programs studied had participation requirements that were short-term, in practice if not by design. By far the major activity was job search, a relatively short (usually no more than 2 to 3 weeks) and inexpensive intervention. Education and training activities were limited. Work experience, when required, was almost always a short-term obligation, usually lasting no more than 13 weeks.[8]

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[7]See Gueron, 1987, for a summary of the demonstration results.

[8]One exception to this pattern was West Virginia. In 1982, this state established a statewide unpaid work experience program (which is still operating) with an ongoing participation requirement -- a straightforward work program, in which the assignment lasts as long as the recipient receives welfare. The state successfully imposed the requirement for the heads of two-parent (AFDC-U) households, but did not impose it rigorously for single parents. In a demonstration effort designed to saturate the AFDC-U caseload, the program achieved participation rates of between 59 and 69 percent of the AFDC-U caseload on a monthly basis. See Friedlander et al., 1986, for a full discussion of the West Virginia results.

Passage of the Family Support Act (FSA) of 1988 represented another landmark in welfare employment policy. Building on the state initiatives of the early- and mid-1980s, the Job Opportunities and Basic Skills Training Program (JOBS) -- Title II of the FSA -- attempts to reshape and expand state programs through various financial incentives. JOBS extends mandatory participation to recipients whose youngest child is between 3 and 5 years old (or as young as age 1, at state option); requires states to spend a certain share of funds on more difficult-to-serve clients and to achieve monthly participation standards in order to receive an enhanced federal match of state funds; emphasizes and funds education and training services; and includes educational requirements for teenage custodial parents (and others) who are school dropouts.

SWIM differed from the JOBS program specifications in several key respects. It did not serve women with younger children, emphasize the provision of services to certain subgroups of recipients, or impose educational requirements on young school dropouts. However, the SWIM results provide information on other important aspects of JOBS, such as the practical issues involved in measuring participation on a monthly basis, the likely upper bounds of monthly participation standards, the viability and effectiveness of imposing an ongoing participation requirement on welfare recipients, and the feasibility and productiveness of encouraging participation in education and training programs.

B. SWIM's Origins Within the County of San Diego

California undertook several welfare employment initiatives prior to the 1980s. Most consisted primarily of job search, although a short-lived program in the early 1970s required work experience of a limited number of welfare recipients.

A program that did involve work experience was developed in San Diego in the early 1980s. It was structured as a three-stage sequential program. First, individuals received immediate job placement assistance, on the day they applied for welfare. Second, registrants were assigned to job search workshops. These two stages constituted the Employment Preparation Program (EPP). Third, individuals who had not found employment by the end of the job search workshop were referred to unpaid community work experience (then called the Experimental Work Experience Program, or EWEP), where they would hold positions in public or nonprofit agencies for 13 weeks.

San Diego County was interested in work programs for several reasons. First, the AFDC-U and, particularly, the AFDC caseloads had grown steadily over the previous decade. Second,

the county had already experimented with workfare programs for recipients in other income transfer programs, such as General Assistance and Food Stamps. Third, the county perceived strong public support for a work-for-benefits approach and also considered itself a leader on issues of welfare reform.

Consonant with these factors, San Diego County officials specified two main program objectives: development of the work skills of welfare recipients and reduction of the welfare rolls and the costs of welfare. The project began operations in the fall of 1982. The target population included WIN-mandatory applicants for AFDC and AFDC-U.

MDRC evaluated the effectiveness of two program sequences within the EPP/EWEP program: EPP job search alone (the first two stages) and job search followed by EWEP. The results indicated that the program successfully implemented its short-term participation requirement: Approximately 55 percent of AFDC and 60 percent of AFDC-U registrants participated in some activity within 9 months of applying.[9] As would be expected in a sequential program, among registrants eligible for both job search and work experience, more participated in the former than the latter.

As intended, EPP/EWEP staff rigorously enforced a mandatory participation requirement. Program staff succeeded in working with all but a small proportion of program-eligible individuals. By 9 months after application for welfare, more than 90 percent of the research sample had fulfilled program requirements, found jobs, been deregistered from the program (because they were no longer WIN-mandatory or had been sanctioned for not cooperating with the program), or left the welfare rolls.

Among AFDC applicants, the job search/EWEP sequence led to increases in employment and earnings and welfare savings. Results were not as consistent for the job-search-only sequence. Among AFDC-U applicants, there were no statistically significant impacts on employment and earnings, but greater reductions in welfare payments under both program sequences.

From the perspective of government budgets, operating costs were offset by benefits (in terms of reduced welfare and Medi-Cal payments, increased taxes, and other budget gains) for AFDC and AFDC-U registrants in both program sequences. From the perspective of the

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[9]For full results, see three MDRC reports on San Diego's EPP/EWEP program: Goldman et al., 1986; Goldman, Friedlander, et al., 1985; Goldman et al., 1984.

welfare applicants, the results were not as consistent. For the AFDC applicants assigned to job search and EWEP, there were clear financial gains; for the AFDC-U applicants in both program sequences, there were overall losses. Encouraged by preliminary MDRC research findings similar to those just described, the county continued to operate the EPP/EWEP program for applicants in all areas of San Diego until 1985.

During 1985, several welfare policy changes occurred in California. First, the state became part of the national WIN Demonstration Program. This transition, which occurred in July 1985, changed the institutional arrangements for delivering employment and training services, and allowed greater flexibility in how these services were combined.[10]

Second, the Greater Avenues for Independence (GAIN) program, a major new welfare employment initiative, was passed by the legislature in late 1985. At that time, counties were given up to 5 years to design and implement their GAIN programs.

In July 1985, independent of the above two developments, San Diego's EPP/EWEP model changed into SWIM in the two most urban welfare administrative areas of San Diego County. The county's other five welfare administrative areas continued to operate EPP/EWEP until 1987, at which time San Diego implemented the GAIN program countywide.[11]

According to county officials, San Diego County had several objectives in applying for the saturation demonstration grant. First, it viewed the grant as an opportunity to obtain general funding for welfare employment programs in the face of declining WIN monies and an anticipated decline in EWEP funding.

Second, it would allow the county the necessary staffing to emphasize education and training to a greater extent than was possible in EPP/EWEP.

Third, early results from the EPP/EWEP evaluation had indicated that the program was effective in increasing the employment levels of WIN-mandatory applicants and decreasing welfare costs. County officials viewed the demonstration grant as a means of funding an

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[10]In San Diego, California's change to WIN Demonstration status resulted in several changes to the EPP/EWEP model. Programmatically, the most important changes prompted by WIN Demonstration status were the following: Responsibility for WIN registration shifted from the Employment Development Department (EDD) to the county welfare department; responsibility for initiating adjudication proceedings for registrants not complying with non-EDD activities was also shifted from EDD to county welfare staff; individuals enrolled and participating in self-initiated education programs were allowed to be deferred from the program; and looser deferral criteria were instituted for individuals in self-initiated training programs.

[11]Non-SWIM offices began to serve recipients as well as applicants in the EPP/EWEP program in 1985. (Recipients were also served in the SWIM offices.)

evaluation to determine the relative effectiveness of requiring participation of the entire WIN-mandatory caseload and not just applicants.

C. The SWIM Program Model

The SWIM program model retained the job search workshop and EWEP phases of the EPP/EWEP model, but also built upon the county's previous experience with welfare employment programs.[12]

Most commonly, registrants were assigned to job search workshops as the first step in the SWIM model. The first week of the workshop consisted of 3-hour-per-day group sessions designed to build self-confidence and job-seeking skills. In the second workshop week, registrants used telephone banks for 2 hours per day to call prospective employers. Individuals who did not find employment by the end of the 2-week workshop were referred to EWEP, where they were assigned to work in public or nonprofit agencies, generally for 20 to 30 hours per week, over a 13-week period. Concurrent with EWEP, registrants were referred to biweekly job clubs, which consisted of 2-hour sessions similar in format to the "telephone" portion of the job search workshop.[13]

To replace the EPP/EWEP short-term participation requirement with a continuous participation requirement, the county included several additional components in SWIM. These components -- available to registrants who completed job search workshops and EWEP without finding a job -- included Adult Basic Education (ABE), General Educational Development (GED) test preparation, English as a Second Language (ESL) programs, skills training, on-the-job training, and additional job search activities.[14] Scheduled instructional hours in these programs ranged from 10 to 30 hours per week.[15] As noted earlier, the program itself did not operate or fund education or training activities. Rather, staff referred program registrants to already existing community programs.

To monitor the ongoing participation requirement, SWIM added a new set of staff to the EPP/EWEP staff configuration. These staff had primary responsibility for monitoring

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[12]For a detailed discussion of the nature of the services provided in the SWIM model, see Hamilton, 1988, Chapter 4.

[13]Registrants could also be referred to job clubs in place of the job search workshop/EWEP sequence.

[14]One job search option consisted of 2-hour job search workshops, held once a week for 13 weeks.

[15]Starting in January 1987, SWIM staff could also refer EWEP completers to three basic education, computer-assisted, competency-based learning centers, which were established as a pilot project for GAIN. SWIM registrants were given priority for the total of 100 "slots" in the three centers.

participants' progress and continuously assessing participants' needs for employment service intervention. Assessments occurred most commonly once a registrant had completed the job search workshop/EWEP sequence.

Finally, as noted above, SWIM extended the EPP/EWEP model to recipients as well as applicants, thus targeting the program on the entire WIN-mandatory caseload.[16]

The differences between GAIN and SWIM should also be taken into account in interpreting the SWIM findings. Both programs have multi-component models and a continuous participation requirement. However, GAIN differs from SWIM and other past welfare initiatives in several important respects.

First, and probably most important, GAIN mandates basic education, early in the model, for those who lack a high school diploma or GED or fail a diagnostic test. Second, GAIN moves away from a single prescribed sequence of program activities to a variety of prescribed sequences determined by registrant characteristics. Third, GAIN uses a registrant contract to provide some registrant choice of services, to ensure provision of services, and to emphasize the registrant's obligation to participate. Fourth, GAIN provides payments to community education and training agencies who serve GAIN registrants. Lastly, although SWIM could provide some support monies to registrants, GAIN can provide substantially more. In particular, child care monies are available to individuals participating in self-initiated activities and, currently, for 12 months to those who find jobs while in the program.

GAIN's scale is also much wider than SWIM's. Because SWIM operated in only two welfare administrative areas rather than countywide (and placed education and training later in the program model), it did not test the capability or capacity of community organizations to absorb large numbers of welfare recipients into their programs.

D. Program Setting

As explained in the previous section, San Diego was an unusual setting in which to test

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[16]The SWIM model differed from EPP/EWEP in several other ways, resulting from a state legislative waiver that allowed the county to continue to operate EWEP from July 1985 through June 1987. Sanctioning rules for AFDC-U registrants who were noncompliant in EWEP were changed. Only the head of the case lost AFDC benefits when a sanction was in connection with EWEP requirements; prior to 1985, an AFDC-U case was terminated when the head of the household was sanctioned for EWEP noncompliance. The EWEP work hours obligation, which had previously been computed by dividing the registrant's AFDC grant by the federal minimum wage, was changed to use prevailing wage rates rather than federal minimum wage rates. Finally, additional conciliation -- counseling of registrants and "second" chances -- was required prior to the application of an EWEP sanction.

the feasibility of operating a multi-component saturation program with an ongoing participation requirement. Its welfare department had extensive experience operating welfare employment programs before initiating SWIM, including coordinating numerous agencies outside the welfare department as well as units within the department.

The county has an extensive education network, with one university and one college of the state's public higher education system and five community college districts. Most SWIM registrants lived within the jurisdiction of the largest of these, the San Diego Community College District. The county also has eight adult school districts. Unlike the usual situation in the county, most of the adult schools in the SWIM areas were under the purview of the local community college district, i.e., the San Diego Community College district, rather than the secondary school system.

The availability of extensive education and training opportunities increased the likelihood that registrants could, on their own, enroll in these community programs. In fact, according to information gathered at initial program registration, approximately 15 percent of the SWIM AFDC registrants and 10 percent of the AFDC-U registrants were in these types of programs as of program entry.[17] The existence of this network of education and training programs also facilitated the placement of registrants in these activities by the SWIM program.

While SWIM was operating, the local economy was relatively healthy. Unemployment rates in the county were 6.5 percent in 1984; 5.3 percent in 1985; 5.0 percent in 1986; and 4.3 percent in May 1987 -- all below the prevailing rates for the State of California and the country as a whole.[18]

AFDC grant levels in California are high compared to other states, ranking second highest in the nation in 1986. At the start of the SWIM program, a family of three with no other income was eligible for $587 per month. This was increased to $617 in July 1986, $633 in July 1987, and $663 in July 1988.

Welfare recipients can combine work and welfare if they meet eligibility tests for AFDC

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[17]This information comes from a one-page research interview document administered at initial registration. Note that not all of this activity was approved by program staff as meeting program standards concerning content, duration, and credit hours. According to SWIM Automated Tracking System data, 7.3 percent of the AFDC registrants and 4.1 percent of the AFDC-U registrants were verified as initially active in approved self-initiated education or training activities.

[18]Unemployment rates for the State of California and the United States were, respectively, 7.8 and 7.5 percent in 1984; 7.2 and 7.2 percent in 1985; 6.7 and 7.0 percent in 1986; and 5.6 and 6.1 percent in May 1987. (Unemployment rates cited are from the U.S. Bureau of Labor Statistics.)

and their earnings do not exceed a state's payment standard or grant level after allowable deductions.[19] The healthy economy and high AFDC grant levels in San Diego enabled many registrants to combine unsubsidized employment with receipt of welfare.

SWIM operated in the county's two most urban EPP administrative areas, with a population of 487,000, 40 percent of the county's welfare caseload, and sub-areas with heavy concentrations of low-income individuals. During the 2-year research period, a total of approximately 8,300 individuals registered with SWIM and were eligible for program services (i.e., they were not assigned to the evaluation control group, as discussed later in this chapter). During the later part of the demonstration, an average of 3,592 individuals were eligible for services in any month.

Compared to applicants in the other five offices, applicants in the two offices operating SWIM were more likely to be black or Hispanic, were less likely to have a high school diploma or GED, had slightly longer welfare histories, and were less likely to have been employed in the year prior to application.[20] These differences were more evident among the AFDC than AFDC-U applicants.

II. Evaluation Design: An Overview

MDRC's evaluation of SWIM comprises three parts: process and implementation, impact, and benefit-cost analyses. The first SWIM report primarily presented process or implementation findings (along with preliminary impacts); this report examines longer-term impacts and benefit-cost results.

Throughout this report, AFDC and AFDC-U registrants are analyzed separately because the two groups differ in important ways that may affect welfare and employment behavior. Typically, AFDC-Us get higher grants, because the needs of the second parent are figured into the grant amount, and lower expense deductions, because they rarely have child care deductions. They are also governed by more stringent welfare eligibility and sanctioning rules.

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[19]As would be expected, a state with a high payment standard allows a greater proportion of the welfare population to receive assistance while working, and the working recipients may have higher overall levels of earnings than those in low-grant states. According to an MDRC study of the relationship between earnings and welfare benefits for working recipients, San Diego had a high proportion of welfare applicants who combined work and welfare in at least one month during a 12-month follow-up period. See Goldman, Cavin, et al., 1985.

[20]Based on 1982-1983 data from MDRC's evaluation of the EPP/EWEP program.

According to regulations in effect during the SWIM demonstration, eligibility for AFDC-U terminated when the case head worked more than 100 hours per month, regardless of earnings. In addition, a sanction generally closed an AFDC-U case, rather than merely reducing the grant temporarily, as it did for AFDC registrants. Having fewer child care responsibilities, the AFDC-U registrants may have different employment patterns and, since they are generally males, they may seek different kinds of jobs.

A. The Process Analysis

The process analysis, covered in the first SWIM report, examined the operation of SWIM and identified the factors that facilitated or constrained implementation. The analysis had three main parts: (1) a description of the content and operations of the program; (2) an analysis of the movement of registrants through the program, examining participation patterns for groups of registrants throughout a follow-up period, e.g., 12 months after registration; and (3) an analysis of participation through "snapshots" of program operations at set points in time. One type of snapshot, for example, examined the proportion of those eligible in a month who were actually participating during that month. This type of snapshot for each of the 24 months of SWIM indicated the degree to which the program saturated the WIN-mandatory caseload over the course of the demonstration.

B. The Impact Analysis

The impact analysis, begun in the first SWIM report and completed in this report, measures the effects of SWIM on the employment, earnings, and welfare receipt of registrants. To estimate program impacts, an experimental design was implemented during the first 12 months of the program. During that period, individuals in the existing WIN-mandatory caseload of the two SWIM offices, along with all individuals determined to be WIN-mandatory during that year, were randomly assigned to one of two research groups when they attended a program registration/orientation session. Members of the experimental group were required to participate in SWIM; members of the control group were not assigned to SWIM (or WIN) activities but could, on their own initiative, enroll in other community programs. Since successful random assignment ensures that experimental and control group members are similar in all salient measurable characteristics except eligibility for program services, any differences in the groups' experiences result from differences in program treatment, i.e., the requirement to participate in SWIM services and the receipt of those services.

C. The Benefit-Cost Analysis

This analysis compares the benefits and costs of the SWIM program for the experimental group to the benefits and costs of whatever employment-related services the control group received on their own. Operating costs, including program administration and staff costs, and direct payments to enrollees and to institutions and organizations, will be compared to net benefits. The latter include net reductions in welfare grants or other transfer program payments, as well as net increases in the taxes paid by individuals who became employed as a result of the program.

III. Findings on Implementation and Participation from the First SWIM Report

This section highlights findings from the first SWIM report as background for understanding the impact and benefit-cost results presented in this report.

A. Implementation Findings

The first SWIM report (Hamilton, 1988) found that registrants generally proceeded smoothly from one component of the program to another, despite a complicated case management structure, which involved several agencies or staff units providing services and serving as case managers to registrants as they progressed through the SWIM model. Two factors appear to have contributed to this relatively smooth progression: (1) The county had extensive experience with this type of case management, and (2) the fixed-sequence nature of most of the SWIM model provided staff with clear guidelines on activity assignments.

Substantial staff resources were required, however, to carry out case management tasks. Two-thirds of professional staff time connected with SWIM was spent on case management tasks -- monitoring attendance, dealing with noncompliance, arranging support services, and tracking registrants' activities -- as opposed to providing direct program services.

In part, the time case managers spent on tracking registrants' activities reflected the fact that the SWIM Automated Tracking System, which was designed to aid in case management as well as to provide data for the research, was not fully exploited. Although the system could have been used to do much of the clerical work of tracking registrants' activities, the county did not have the staff or resources to develop computer routines that would allow local offices to make extensive use of the system.

A special study of child care arrangements among program participants indicated that almost one-third of the participants did not need child care, either because their youngest child

was at least 14 years old or because all SWIM activity took place while their children were in school. Approximately one-eighth of the participants were active in SWIM while their children were in school, but required occasional preschool, after-school, or "backup" care. The remaining participants had regular child care arrangements. More than two-fifths of all participants used informal day care arrangements for their children, most commonly provided by relatives. Only 4 percent of the participants placed children in a formal group care arrangement.

B. Participation Findings

Two types of measures were used in the first SWIM report to examine program participation. The first, longitudinal participation rates, traced the experiences of SWIM experimentals in the 12 months following their initial program registration. These rates indicate the percentage of experimentals who eventually participated in SWIM, the types of components in which they participated, the order in which they typically proceeded through the program model, and the average length of time they participated. Longitudinal participation rates for members of the control group were not included in the first SWIM report; their participation patterns are examined in this report.

The second type of measure showed the percentage of those eligible for the program in any given month who participated during that month (i.e., monthly participation rates). This measure indicates the extent to which the program "saturated" the mandatory caseload.

Both types of measures adopted a fairly liberal definition of participation. Registrants were considered to have participated if they were active in job search, work experience, education, or training for at least one hour during the 12-month follow-up period, in the case of longitudinal participation rates, or during a month, in the case of monthly participation rates.

1. Longitudinal Participation Measures. In all, about two-thirds of the experimental group participated in job search, work experience, education, or training for at least one hour within 12 months of initial program entry. Slightly more than half of the experimentals participated in some type of job search activity, most commonly 2-week job search workshops, within the follow-up period. Approximately 19 percent of all experimentals participated in EWEP, which generally followed job search activities. More than 24 percent of the AFDC experimentals and 17 percent of the AFDC-U experimentals participated in education or training activities known to staff within the follow-up period.

Individuals participated in these activities in a variety of sequences. As planned in the

program model, the most common first activity was participation in a job search workshop. The next step for workshop participants varied. More than one-quarter of the job search participants found full-time or part-time employment (i.e., employment that program staff knew about) during the course of the workshop or before participating in another component. Approximately one-third proceeded to participate in EWEP. Most of the remaining workshop participants were no longer required to participate in SWIM, primarily because of leaving welfare.

Surprisingly, from the perspective of program planners, the second most common initial activity for program registrants -- accounting for approximately 15 percent of all experimentals -- was employment while remaining on welfare. These employed individuals rarely participated in any other subsequent activity within the 12-month follow-up period.

Finally, approximately 6 percent of all experimentals were participating in program-approved self-initiated education or training as of registration. "Approved" programs had to meet SWIM standards concerning content, intensity, and duration. Most commonly, these individuals remained in education and training throughout the 12-month follow-up period; rarely did they participate in other SWIM activities.

On average, experimentals remained eligible for SWIM services for 8 months during a uniform 12-month follow-up period.[21] A relatively small proportion of all experimentals -- 16 percent -- met MDRC's definition of "continuous activity": participating in program activities or being employed at least one day in each month of eligibility. However, inevitable periods of inactivity due to assignment lags between activities, illness, or other temporary interruptions in participation made this definition of continuous activity seem overly stringent. Reviews of registrants' case files indicated that a standard requiring participation in at least 70 percent of the months in which registrants were program-eligible would be more reasonable. (Individuals who were program-eligible for 12 months, e.g., would be expected to participate in at least 9 of the 12 months.) In all, approximately one-third of all experimentals were active for at least one day in most (70 percent) of the months in which they were program-eligible. Continuous participation was as likely for individuals with long periods of program eligibility as for those with short periods.

[21]More than one-third of the experimentals remained on welfare and registered in the program for all 12 months of the follow-up period. The others left welfare at various points in the follow-up period and so were no longer required to participate in the program.

The preceding paragraph indicates the extent to which registrants participated in some type of component for at least one day during each month in which they were eligible for program services. However, as described below, intensity of participation differed by component.

Job search activities were generally the least time-intensive components in the model. Among those who participated in job search workshops during the 12-month follow-up period, more than three-quarters remained in the workshop, which lasted 2 to 3 hours per day, for all 10 days of the workshop. On average, job club participants attended four 2-hour job club sessions within the follow-up period.

EWEP participants were generally assigned to work 20 to 30 hours per week. The average number of hours worked at a worksite during the 12-month follow-up period was 167 -- the equivalent of 24 full days of work.

Experimentals who participated in program-arranged education or training programs generally remained active over a long period of time, although participation was not necessarily full-time. On average, registrants remained enrolled in community college programs for 195 days within the 12-month follow-up period; enrollment in programs funded through the Job Training Partnership Act (JTPA) averaged 88 days; and enrollment in other types of programs averaged 138 days.

The results also indicated that SWIM staff rigorously enforced the program's mandatory participation requirement. About one-tenth of the experimentals were sanctioned for noncompliance within the 12-month follow-up period. These rates were higher than those observed in most of the programs evaluated as part of MDRC's Demonstration of State Work/Welfare Initiatives. Furthermore, 12 months after registration, only 3 percent of the experimentals remained eligible for SWIM, were not employed, had never participated in program-arranged activities or self-initiated education or training, and had never been sanctioned.

2. Monthly Participation Rates. Monthly participation rates covered in the first SWIM report examined the extent to which the program "saturated" the eligible caseload on a monthly basis. Participation levels for SWIM as an ongoing program are best reflected in the results for the second year of the program, when the existing WIN-registrant caseload had been phased into SWIM. At any given time during this year, AFDC-U registrants comprised about one-third of the registrant caseload.

In any one month during the second year, between 18 and 28 percent (22 percent, on average) of those who were eligible for the program participated at least one day in job search, work experience, or program-arranged education or training. When the definition of participation was expanded to also include registrant-initiated education and training, monthly rates ranged from 31 to 35 percent (33 percent, on average) during the second year. If employment while SWIM-registered is also counted as participation, the rates ranged from 47 to 55 percent (and averaged 52 percent).

While monthly participation rates fell short of the 75 percent goal, an examination of the reasons for nonparticipation indicated that San Diego achieved close to the maximum rates possible in SWIM. According to program case file reviews, close to 90 percent of those eligible for program services in any month were either active or otherwise complied with program requirements during the month, even if they did not participate. Only about one-tenth were inactive because of noncooperation or program staff failure to assign or follow-up registrants.

Among those inactive, many were assigned to components scheduled to begin during the next month. Some were temporarily excused from participation because of illness or other situational factors. Some were pending deregistration and remained "eligible" for the program only until formal notification of their deregistration was received. As this suggests, many of those who did not participate in a given month were only temporarily inactive. In all, two-thirds of those inactive in any month participated at some point in SWIM.

C. Implications for Setting Participation Standards

As noted earlier, the JOBS title of the Family Support Act of 1988 requires states to reach specified monthly participation levels in order to receive a more advantageous federal-state funding match. Of all the participation rates calculated by MDRC as part of welfare employment program evaluations, the rates calculated for SWIM are the most similar to those specified in the JOBS statute. However, the SWIM rates also differ from the FSA-defined rates in several key ways, as discussed below. The participation results (presented in the first report) raise several issues that are relevant to JOBS participation standards.

- SWIM's achievement of a second-year average monthly participation rate of 22 percent, counting only program-arranged activities, or 33 percent, counting both program-arranged and registrant-initiated activities, required program staff to work with almost all of the registrants who were eligible for SWIM in any given month. As described in the previous section, only about one-tenth of all program-eligibles in any given month were inactive because of noncooperation or program staff failure to assign or follow-up registrants. This indicates that the achievement of monthly participation rates of

seemingly low magnitude may require staff to work with their entire program-eligible caseloads.

- SWIM monthly participation rates used a fairly liberal definition of participation. "Participation" was defined as attending job search activities, work experience, or education or training programs for at least one day during a month. A more stringent definition of participation would have resulted in lower monthly participation rates.

- The SWIM rates were calculated for the WIN-mandatory population in San Diego, i.e., for AFDC applicants and recipients whose youngest child was at least 6 years old and for AFDC-U heads of household. The denominator of the monthly rates was further constrained by being limited to those individuals who attended a program registration/orientation session. It is not possible to estimate what the SWIM rates would have been if San Diego had targeted the program to the JOBS population, which also includes women with preschool-age children and young custodial parents, or if the rates had included individuals who failed to attend orientation.

- Results from the first SWIM report also indicate that the calculation of monthly participation rates requires high-quality data and complicated programming. Thus, substantial resources are needed to collect the data, ensure its quality, and manipulate it in such a way as to produce the appropriate rates.

- The SWIM findings suggest that localities will face different challenges in achieving any particular participation rate, since local settings can affect rates. For example, states will differ in the extent to which welfare recipients can combine the receipt of AFDC with employment, the availability of education and training opportunities, rates of welfare turnover, staff experience in operating welfare employment programs similar to JOBS, and the characteristics (and employability) of welfare recipients.

* * *

The remainder of this report consists of five chapters. Chapter 2 describes in detail the research design, characteristics of the research sample, and data sources for the evaluation. Chapter 3 examines experimental-control participation differences during a 2- to 3-year follow-up period. Chapter 4 analyzes the program's impacts on employment, earnings, welfare receipt, and welfare payments for AFDC registrants. Chapter 5 performs the same function for AFDC-U sample members. Finally, Chapter 6 weighs the benefits and costs of the program.

CHAPTER 2

RESEARCH DESIGN, SAMPLES, AND DATA SOURCES

This chapter summarizes the program model tested in the evaluation and describes how the main research sample was randomly assigned to experimental and control groups. It then examines the characteristics of the sample used for the impact analysis, and subgroups of that sample. The chapter ends with a brief discussion of the data sources.

I. Program Model

The SWIM program operated in San Diego's two largest and most urban offices -- San Diego West and Service Center -- which served the most disadvantaged part of the caseload. The program model, as shown in Table 2.1, included job search workshops, EWEP, job clubs, ISESA (Individualized Supervised Employment Search Activity), program-arranged education or training, self-initiated education or training, and part-time employment, defined as 15 to 30 hours per week.[1] (Those employed more than 30 hours per week were deregistered from the program.) The services are discussed in detail in MDRC's first SWIM report (Hamilton, 1988, Chapter 4).

II. Random Assignment

As noted in Chapter 1, to isolate the impacts of SWIM from the effects of other factors on employment and welfare receipt, the evaluation used a random assignment research design.

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[1]The components offered by the SWIM program evolved over time. STAR, a 2-week employment search workshop, consisting of training in job search techniques and employment search activities in the field, replaced the biweekly job club component (associated with EWEP) in January 1987. STAR, a more intensive component, could not be done concurrently with EWEP. Therefore, those who were eligible for EWEP were referred to STAR first. After completion of STAR, registrants were referred to EWEP. The implementation of GAIN affected SWIM in several ways. Late in 1986, registrants began to take a literacy test as part of the SWIM orientation process. This test was used as a pilot for GAIN. Further, anticipating that GAIN would be implemented in San Diego on July 1, 1987, SWIM activities that would have extended beyond that date were curtailed. For example, EWEP assignments made during May and June 1987 were scheduled to end June 30, 1987, and long-term training assignments that included payment of training-related expenses were not made during SWIM's final few months, since such funding would not have been available after June. (As noted in Chapter 1, implementation actually began on October 1, 1987.)

TABLE 2.1

SWIM

SUMMARY OF KEY PROGRAM ACTIVITIES

ORIENTATION	Occurred before any SWIM activity and included program registration. Individual exit conferences were conducted for control group members directly following orientation.
APPRAISAL	Immediately followed orientation and resulted in referral to program activity, deferral from program activities due to participation in approved self-initiated activities or part-time employment, or deferral from all program activities.
JOB SEARCH WORKSHOP	A 2-week, 3-hour-per-day activity, provided to registrants after orientation and appraisal. The first week involved group sessions, followed by a week of phone room activities.
EWEP	The Employment Work Experience Program (EWEP) involved unpaid work at a public or non-profit agency or organization, while registrants continued to receive their welfare grant. Registrants were scheduled for a maximum of 32 hours each week, depending on their AFDC grant amount, for 13 weeks.
JOB CLUB	Biweekly 2-hour sessions, usually operated concurrently with EWEP.
STAR	Skills Techniques Achievement Reviews (STAR) replaced job clubs as of January 1987 and involved supervised job search with group motivational sessions for 2 to 3 hours every other day.
ASSESSMENT	Conducted by program staff, after the completion of EWEP or job clubs, in order to refer registrants to further job search, education, or training.
ISESA	The JTPA-funded Individualized Supervised Employment Search Activity (ISESA), usually offered as a post-assessment activity, required attendance at weekly job search sessions, lasting 2 to 3 hours, for 90 days.
EDUCATION/TRAINING	Education and training could be either self-initiated or program-arranged. Self-initiated education or training could occur at any point in the model. If approved by program staff, activities deferred registrants from other program requirements. Program-arranged education or training usually occurred after assessment. Scheduled instructional hours ranged from 10 to 30 hours per week.
EMPLOYMENT	Unsubsidized employment could occur at any point in the program. If employed 15 to 30 hours a week, a registrant was deferred from other program requirements. If employed less than 15 hours per week, registrants were given additional program assignments. Registrants employed more than 30 hours a week were deregistered.

Each SWIM registrant was randomly assigned to either the experimental group or the control group. The former were required to participate in SWIM. The latter could not receive any employment or training services offered by the welfare department (including SWIM or WIN services) but could enroll on their own in other community programs, such as Job Training Partnership Act (JTPA) or community college services.

Individuals were assigned to their group when they registered for SWIM at a program office (see Figure 2.1). During the random assignment period (July 1, 1985, through June 30, 1986),[2] three groups were required to register for SWIM and thus were included in the research:

1. Welfare applicants: those who applied for welfare and were determined to be WIN-mandatory. They are referred to as "applicants" throughout this report, even if their applications were subsequently approved and even if they eventually left welfare. All AFDC-U parents were automatically WIN-mandatory; most AFDC heads of household whose youngest child was at least 6 years old were considered WIN-mandatory. WIN-mandatory applicants were required to register for SWIM before they were approved to receive welfare. If their applications were denied, they were deregistered from SWIM.

2. Redetermined welfare recipients: welfare recipients who had just been determined to be WIN-mandatory, generally because their youngest child had turned 6 years old.

3. Renewed welfare recipients: welfare recipients who had previously registered for WIN/EPP but were renewing their registration. This renewal was required every 12 months after their most recent AFDC approval.

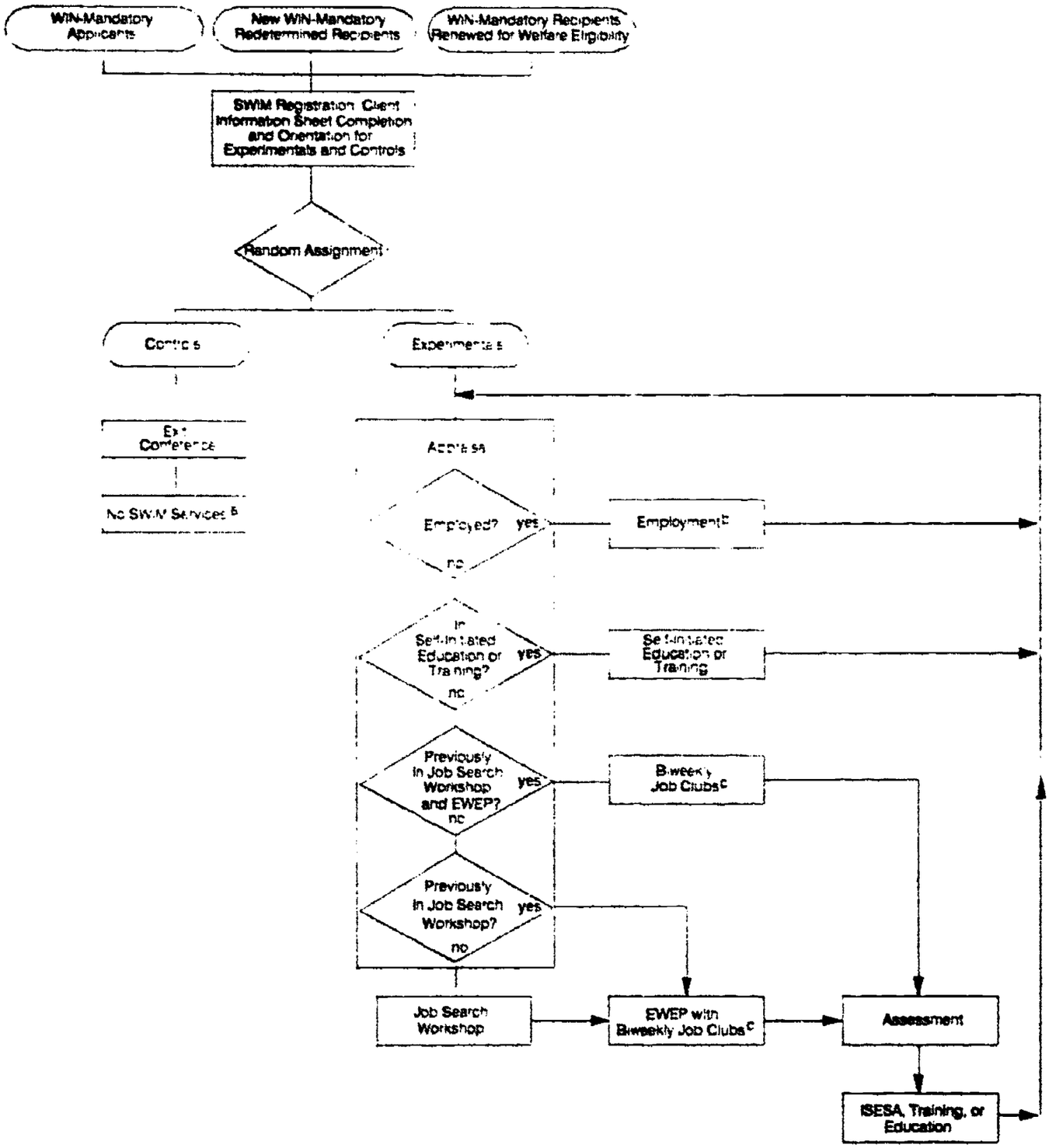
Random assignment proceeded as follows. At SWIM registration, local program staff completed a one-page interview document (called a Client Information Sheet) eliciting demographic characteristics from all registrants. Local office staff then telephoned county staff at a central DSS office to relay a registrant's identifying information. Central office staff then assigned each registrant to experimental or control status, using a list of randomly generated codes supplied by MDRC.

To ensure that registrants remained in their assigned group, even if they were deregistered and later re-registered, program staff maintained an alphabetical master log

[2]Note that random assignment occurred at Income Maintenance offices in MDRC's evaluation of San Diego's EPP/EWEP program. That evaluation indicated that approximately 88 percent of those required to register with the program did so within 9 months of random assignment.

FIGURE 2.1

FLOW OF REGISTRANTS THROUGH SWIM



NOTES: [B] Controls could receive services outside of the SWIM program, e.g., community college or JTPA services.

[b] This refers to part-time employment while registered with SWIM. Registrants could exit the SWIM program at any point because of full-time employment or deregistration for other reasons.

[C] In January 1987, job clubs were replaced by the STAR component. Registrants participated in STAR after completing job search workshops and before beginning EWEP. Additionally, registrants participated initially in STAR if they had previously participated in job search workshops.

indicating everyone's research group status. SWIM-eligibles who moved to a "non-SWIM" part of the county were eligible for EPP/EWEP services; controls who so moved were not eligible for any program services.[3]

To test the monthly participation goal of at least 75 percent of SWIM-eligibles, the SWIM-eligible caseload needed to be as large as possible. Hence the control group was set at the minimum number of individuals required to provide reliable estimates of impacts. Thirty-five percent of the 4,626 AFDCs who registered with SWIM during the random assignment period (1,619 individuals) were assigned to the control group, as were 30 percent of the 2,277 AFDC-Us (683 individuals).

The remaining 65 percent of AFDC and 70 percent of AFDC-U registrants were assigned to the experimental group. MDRC collected earnings and AFDC data for approximately half of them -- 1,608 AFDCs and 704 AFDC-Us. This was a random sample of all experimentals, and SWIM program operators did not know which of the experimental registrants were in the sample. The impact sample, therefore, consists of 2,312 experimentals and 2,302 controls, approximately two-thirds of all those who registered with SWIM during the first year of program operations.[4] Several other samples were used in the first SWIM report, but they are not the focus of this report.[5]

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[3]Interviews with supervisors from non-SWIM county offices indicated that the following differences existed between SWIM and the general county program. In non-SWIM offices, tracking of program registrants' activities was not as extensive; social workers, not CRU (Coordination and Referral Unit) staff, conducted assessments; welfare registrants were not eligible for ISESA; staff did little follow-up on those referred to education or training programs; and follow-up on employed registrants or those in self-initiated education or training did not occur as frequently. In non-SWIM offices, employment was generally verified 30 days after employment began and then every 6 months or every year thereafter. Self-initiated registrants were generally asked to verify school enrollment at the beginning of each semester by providing school forms or signing statements at the program office verifying their attendance.

[4]Sixty-two of these registrants were excluded from the impact analysis because they had no Social Security number. Social Security numbers were used to access earnings records. These registrants were included in all other analyses.

[5]As previously mentioned, the current WIN mandatory caseload was phased into the SWIM program during its first year of operation. The one-third who were randomly assigned to control group status, of course, were not eligible to receive SWIM services. During the second year of SWIM, all new registrants -- primarily new applicants and recipients recently determined to be WIN-mandatory -- were eligible to receive services. Thus, none of these registrants were placed in the control group. To study the extent to which saturation was reached over an extended period of time, data were collected for a representative sample of approximately 33 percent of the individuals registering with SWIM during the year after the end of random assignment, i.e., between July 1, 1986, and June 30, 1987. Data on this sample of registrants were combined with data on the experimentals in the impact sample to analyze case management and participation patterns for the entire caseload. In addition, four small random subsamples were selected from among all SWIM-eligibles to examine child care use, reasons for nonparticipation, and the extent to

(continued...)

III. Characteristics of All Experimentals and Controls

The nature of the targeted population bears description, since it influenced participation levels and program impacts.

A. AFDC and AFDC-U Registrants

As shown in Table 2.2, a full 60 percent of the AFDC-Us were applicants, compared with only 39 percent of the AFDCs. AFDC-Us tended to be married males living with their spouses; AFDCs tended to be unmarried females or married females who were not living with their spouses. More than 70 percent of the AFDC-Us had children under the age of 6, compared with only 10 percent of AFDCs. This is because the AFDC-Us were in families with two parents, one of whom was required to participate in SWIM regardless of the age of the children in the home. AFDCs, in contrast, were in single-parent families with at least one child in the home; if a child was under the age of 6 and his or her parent was not in full-time education or training, the parent was not required to participate in SWIM. The two assistance groups also differed ethnically. Forty-two percent of the AFDC-Us were Hispanic; 42 percent of the AFDCs were black. About a quarter of both groups were white. The highest school grade completed, on average, was approximately the tenth grade for both groups.

Thirty-four percent of the AFDC-Us had never had a welfare case in their own name, compared with only 11 percent of the AFDCs. Only 15 percent of the AFDC-Us had a welfare case in their own name for 5 years or more, compared with 51 percent of the AFDCs. The average number of months ever on welfare was only 24 for the AFDC-Us, compared with 70 months for the AFDCs.

At the time of registration, 13 percent of the AFDCs and 9 percent of the AFDC-Us reported being employed. Only 28 percent of the AFDC-Us reported not working in the 2 years prior to registration, compared with 50 percent of the AFDCs. The average earnings for the AFDC-Us during the year prior to random assignment was $3,507, compared with $1,669 for AFDCs. (Note that these averages include zero values for sample members not employed.)

Fewer AFDC-Us reported recently engaging in activities aimed at improving their

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[5](...continued)
which individuals were not in compliance with program requirements. Results using all of these samples were presented in the first SWIM report; consequently, these samples are not analyzed or referenced in this report.

TABLE 2.2

SWIM

SELECTED CHARACTERISTICS OF REGISTRANTS
AT THE TIME OF INITIAL REGISTRATION, BY ASSISTANCE CATEGORY

Characteristic	AFDC	AFDC-U
Office (%)		
Service Center	49.9	50.3
San Diego West	50.1	49.7
AFDC Status (%)		
Applicant	39.3	59.8***
Renewed Recipient	32.9	23.1***
Redetermined Recipient[a]	27.9	17.1***
Average Age (Years)	34.2	32.8***
Sex (%)		
Male	8.7	91.3***
Female	91.3	8.7***
Ethnicity (%)		
White, Non-Hispanic	27.2	24.7*
Black, Non-Hispanic	42.2	20.1***
Hispanic	25.7	42.1***
American Indian/Alaskan Native	0.6	0.4
Asian and Pacific Islander	3.8	11.1***
Other	0.6	1.5***
Degree Received (%)		
High School Diploma	46.0	37.9***
GED	7.8	8.0
None	44.1	54.1***
Average Highest Grade Completed	10.9	10.1***
Marital Status (%)		
Never Married	30.1	11.0***
Married, Living with Spouse	5.9	84.8***
Married, Not Living with Spouse	27.6	2.5***
Widowed or Divorced	36.5	1.7***
Any Children (%)[b]		
Less Than 6 Years	10.0	72.3***
Between 6 and 18 Years	90.4	57.5***
Mandatory AFDC With Child Less Than 6 (%)[c]	5.3	0.9***

(continued)

TABLE 2.2 (continued)

Characteristic	AFDC	AFDC-U
Monolingual in a Language Other than English (%)		
Spanish	8.4	15.6***
Other	0.5	1.2**
Undocumented Worker (%)	0.8	5.8***
Activities Within 12 Months Prior to Initial Registration (%)[a]		
Job Search Workshop	16.6	15.0
ESEP	9.9	7.9**
Education or Training	22.2	15.0***
No Prior Activities	63.0	71.2***
Current Activities (%)		
Employed 20 Hours or Less Per Week	7.0	6.3
Employed 21-30 Hours Per Week	5.5	3.1***
Education or Training	14.6	9.6***
Prior AFDC Dependency (%)		
Never on AFDC	11.4	34.1***
1-11 Months	6.9	15.4***
12-23 Months	6.8	10.6***
24-35 Months	8.1	10.7***
36-47 Months	8.3	7.9
48-59 Months	6.9	6.8
60 Months or More	51.4	14.5***
Average Number of Months Ever on AFDC	69.5	24.4***
Average Number of Months on AFDC During 24 Months Prior to Initial Registration	15.5	9.5***
Ever Included on Someone Else's AFDC Case (%)	16.7	33.4***
Length of Time Employed During 24 Months Prior to Initial Registration (%)		
Not Employed	49.9	27.7***
1 Week to 6 Months	18.0	19.1
7-12 Months	12.8	18.0***
13-18 Months	7.7	13.0***
19-24 Months	11.5	22.2***

(continued)

TABLE 2.2 (continued)

Characteristic	AFDC	AFDC-U
Held a Job at Any Time During Quarter Prior to Initial Registration (%)[e]	26.8	38.1***
Held a Job at Any Time During Four Quarters Prior to Initial Registration (%)[e]	39.4	56.1***
Held a Job at Any Time During Ten Quarters Prior to Initial Registration (%)[e]	51.7	69.1***
Estimated Earnings During 24 Months Prior to Initial Registration (%)		
$0	49.9	27.5***
$1-$1000	14.0	11.6**
$1001-$5000	17.7	21.2***
$5001-$10,000	10.2	18.2***
Over $10,000	8.2	21.6***
Average Earnings During Quarter Prior to Initial Registration ($)[e]	421.85	870.71***
Average Earnings During Four Quarters Prior to Initial Registration ($)[e]	1668.60	3507.07***
Average Earnings During Ten Quarters Prior to Initial Registration ($)[e]	4035.16	8055.14***
Received Unemployment Compensation During Three Months Prior to Initial Registration (%)[e]	4.2	9.2***
Received Unemployment Compensation During 12 Months Prior to Initial Registration (%)[e]	7.5	17.6***
Average Amount of Unemployment Compensation During Three Months Prior to Initial Registration ($)[e]	32.05	68.79***
Average Amount of Unemployment Compensation During 12 Months Prior to Initial Registration ($)[e]	126.62	299.75***
Sample Size[f]	3227	1387

(continued)

TABLE 2.2 (continued)

SOURCE: MDRC Client Information Sheets and the State of California Unemployment Insurance earnings and benefits records.

NOTES: The sample for this table includes individuals who registered between July 1985 and June 1986.

Distributions may not add to 100.0 percent due to rounding.

A chi-square test or t-test was applied to differences between assistance categories. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; *** = 1 percent.

[a]AFDC-U cases can be redetermined as WIN-mandatory when an AFDC case becomes an AFDC-U case or when a previously exempt AFDC-U case (e.g., medically exempt) loses its exemption status.

[b]Distributions may not add to 100.0 percent because sample members can have children in more than one category. In addition, some individuals, who are not part of their parents' case, may not have any children.

[c]A few AFDC-U's may be included in the "Mandatory AFDC With Child Less Than 6" category due to data entry errors or misinterpretation of the question.

[d]Distributions add to more than 100.0 percent because sample members can be included in more than one activity.

[e]These data are calculated from the State of California Unemployment Insurance earnings records and include zero values for sample members not employed and for those not receiving Unemployment Compensation.

[f]For selected characteristics, sample sizes may vary up to 5 sample points due to missing data. 62 of these registrants were excluded from the impact analysis because they did not have social security numbers.

employability than did AFDCs. As of registration, 15 percent of the AFDCs reported current participation in an education or skills training activity. During the year prior to registration, 17 percent of the AFDCs had participated in job search workshops; 10 percent had been active in EWEP; and 22 percent had participated in an education or skills training program. Among the AFDC-Us, 10 percent reported current participation in an education or skills training activity. During the year prior to registration, 15 percent had participated in job search workshops; 8 percent had been active in EWEP; and 15 percent had participated in an education or skills training program. Because of the many differences between the two assistance groups, this report will analyze AFDC-Us and AFDCs separately.

B. Controls and Experimentals

Appendix Table A.1 presents the demographic characteristics of the experimentals and controls in the research sample. There were only a few statistically significant demographic differences between the groups at random assignment.

Among the AFDC registrants, slightly more controls than experimentals were redetermined recipients. In addition, more controls than experimentals were Asians and Pacific Islanders.

There were even fewer significant control-experimental differences among the AFDC-U registrants. A slightly lower proportion of controls than experimentals reported being employed 21 to 30 hours per week as of registration. Average earnings for the one-year period prior to registration were also lower for controls.

IV. Characteristics of Subgroups in the Research Sample

In addition to estimating overall impacts, the research addresses the important issue of whether certain subgroups of individuals are likely to benefit more from the SWIM model than other subgroups. The impact and, in some cases, the benefit-cost analyses thus focus on several important subgroups. The primary division is between the AFDCs and the AFDC-Us, whose characteristics were described above. Other subgroups are examined below.

A. Earlier and Later Registrants

Appendix Table A.2 shows the characteristics of the subgroups registering with SWIM between July 1985 and December 1985 and those registering between January 1986 and June 1986. There are more follow-up data available on the earlier registrants, so they are used for examining longer-term impacts.

For the AFDC registrants, the earlier sample is approximately 55 percent of the total. There are statistically significant differences between the two subsamples. The earlier group were more likely to be applicants and less likely to be renewed recipients. This means that they were less disadvantaged with respect to prior welfare dependency, although the differences are not large.

Delays in notifying recipients of their renewal interviews may have slowed the rate at which recipients were phased into the program. This, in turn, affected the composition of the sample with respect to the applicant-recipient distinction. The differences may also reflect, though to a lesser extent, a decline in the unemployment rate in San Diego County during the random assignment period: from 5.3 percent in the last 6 months of 1985 to 4.9 in the first 6 months of 1986. As the unemployment rate declines, the more advantaged are likely to find jobs and therefore are less likely to apply for welfare.

For the AFDC-U registrants, the earlier group was approximately 54 percent of all AFDC-U registrants in the sample. Comparisons of demographic characteristics reveal few differences between the groups. The percentage of females was greater in the earlier AFDC-U sample than the later one; and the employment as well as the average earnings of the earlier sample were lower than those of the later one. The AFDC-U samples did not differ, however, along the measures of prior welfare dependency or in the percentages of applicants versus recipients. It is unclear why notification delays and the declining unemployment rate did not affect AFDC-Us in the way they seem to have affected AFDCs.

B. Applicants and Recipients

Another important division is between the applicant and recipient samples. Demographically, these two groups were very different, as would be expected, since some individuals who had never received welfare or whose applications would ultimately be denied are included among the applicant group. (See Appendix Table A.3.) For one thing, applicants had more recent work experience. Fifty-one percent of the AFDC applicants had held a job during the year prior to random assignment compared with 32 percent of the AFDC recipients. Sixty-eight percent of the AFDC-U applicants had a job during the year prior to random assignment compared with 39 percent of the AFDC-U recipients. Applicants also tended to have attained a higher grade in school. Fifty-three percent of AFDC and 43 percent of AFDC-U applicants had a high school diploma compared with 45 percent of the AFDC and 31 percent of the AFDC-U recipients. Applicants, as expected, had less history of welfare

dependency than recipients. However, even among applicants, only 22 percent of the AFDCs and 52 percent of the AFDC-Us had never received AFDC.

V. Data Sources

This report uses a number of data sources to analyze participation patterns, to measure employment and welfare outcomes, and to estimate benefits and costs. As indicated in Table 2.3, these sources provide varying lengths of follow-up, depending on the sample member's initial registration date. The primary sources are:

- The Client Information Sheet (CIS) is a one-page interview document designed by MDRC to provide data on registrants' demographic characteristics such as age, ethnicity, family composition, and education and training history, as well as information on their welfare and employment histories. This form was completed by SWIM program staff for registrants at the time of SWIM registration. These data were then merged with information on welfare receipt, employment, and program participation in the final analysis file.[6]

- California State Unemployment Insurance (UI) Earnings and Benefits Records provide measures of earnings reported by calendar quarter: i.e., January through March; April through June. Unemployment benefits data are reported by calendar month to coincide with the payment schedule of these benefits.

  Several limitations of these data should be noted. First, because of the reporting lags typical of the UI wage reporting system, data were only available for eight quarters after random assignment for the entire sample.[7] Second, the use of quarterly earnings data meant that there were varying lengths of follow-up, depending on whether an individual registered for SWIM during the first, second, or third month of the calendar quarter. Third, this data set probably underreports earnings, e.g., because of employers failing to report earnings or people moving out of state. Also, not all employers are required to report. Thus, UI data do not necessarily cover all employment of the research sample. Since all these factors should have affected experimental and control group members equally, there is no reason to believe they affected employment and earnings outcomes differently for

[6]The CIS completion rate was very high. A quality check of responses to the important demographic questions on the CIS revealed that only 5 registrants in the impact sample were missing responses to any of the questions.

[7]Earnings reported for the seventh and eighth quarters for later registrants may be preliminary estimates, since some adjustments to earnings may occur as a result of future reporting by employers.

TABLE 2.3
SWIM

LENGTH OF AVAILABLE FOLLOW-UP, BY DATA SOURCE AND PERIOD OF INITIAL REGISTRATION

Data	Data Source	Point at Which Data Collection Begins	Last Date Data Are Available	Length of Follow-Up by Period of Initial Registration			
				July-September 1985	October-December 1985	January-March 1986	April-June 1986
Process Data	SWIM Automated Tracking System and EWEP Attendance Logs[a]	Date of Initial Registration	September 1987	24 Months[b]	21 Months[b]	18 Months[b]	15 Months[b]
	San Diego Community College District Student Information System	Date of Initial Registration	June 1988	33 Months[b]	30 Months[b]	27 Months[b]	24 Months[b]
	San Diego JTPA Management Information System	Date of Initial Registration	June 1988	33 Months[b]	30 Months[b]	27 Months[b]	24 Months[b]
Quarterly Employment and Earnings Data	State of California Unemployment Insurance System[c]	10 Quarters Prior to Initial Registration	Second Quarter 1988	11 Quarters[d]	10 Quarters[d]	9 Quarters[d]	8 Quarters[d]

(continued)

TABLE 2.3 (continued)

Data	Data Source	Point at Which Data Collection Begins	Last Date Data Are Available	Length of Follow-Up by Period of Initial Registration			
				July-September 1985	October-December 1985	January-March 1986	April-June 1986
Monthly Unemployment Insurance Benefits Data	State of California Unemployment Insurance System	18 Months Prior to Initial Registration	November 1988	39 Months[e]	36 Months[e]	33 Months[e]	30 Months[e]
Monthly AFDC Grant Payments	County of San Diego AFDC Payments System	18 Months Prior to Initial Registration	October 1988	38 Months[e]	35 Months[e]	32 Months[e]	29 Months[e]

NOTES: [a]Tracking data were not collected for members of the control group.

[b]The first month of follow-up for process data does not include the month in which an individual initially registered.

[c]Unemployment Insurance earnings records are reported on a calendar quarter basis.

[d]The calendar quarter of initial registra s not considered to be a follow-up quarter for employment and earnings for the SWIM evaluation.

[e]The first month of follow-up for Unemploymen .nsurance benefits and AFDC grant payments includes the month in which an individual initially registered.

experimentals relative to controls.[8]

- AFDC Records supply information on monthly AFDC (i.e., welfare) grants. These data were obtained directly from the County of San Diego Department of Social Services and collected through October 1988 for the analyses in this report. This provided 29 months of follow-up for the entire sample. In order to be compatible with the earnings data, welfare payments were aggregated into calendar quarter periods. When AFDC data are matched to CIS and UI data, some inaccuracies, due either to incomplete data entry or inability to match records, can be expected. Since this source of error should not differ across research groups, it should not be a source of bias for the impact estimates.[9]

- The SWIM Automated Tracking System was used as a case management system by SWIM program staff as well as a means of providing data for the research. This system was used to provide information on program registration and deregistration; start and end dates for activities such as job search workshops, job clubs, and STAR; and information on employment and sanctioning.[10] Data were collected throughout the SWIM demonstration, i.e., through September 1987, when the program ended. This provides 15 to 27 months of follow-up for sample members, depending on when an individual was randomly assigned.[11]

- EWEP Logs maintained by the San Diego Workfare Unit within the DSS Employment Services Bureau were used to provide information on worksite attendance. The logs were completed by the EWEP staff at each of the local welfare offices and periodically sent to MDRC. These data were collected for all SWIM registrants for the duration of the EWEP component, i.e., through June 1987. This provides 12 to 24 months of follow-up for sample members, depending on when they were randomly assigned.

- The San Diego Community College District Student Information System provided information on the enrollment of experimental and control sample members in college-level and continuing education courses. Thus, MDRC

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[8]To estimate the magnitude of possible underreporting, UI earnings data were compared to employment data recorded on the CIS forms of those individuals who reported having been employed for 19 or more months in the 2 years before random assignment. UI-reported earnings in the year before random assignment were found for 81 percent of the people who reported employment on the CIS.

[9]Welfare payment records during the 18 months prior to random assignment were found for more than 92 percent of sample members who, on the CIS, reported having had their own AFDC case for more than 2 years prior to random assignment.

[10]The SWIM Automated Tracking System data only captures information known to the program. It does not capture participation in community service programs or employment unless it was known to program staff. Consequently, this system was not used to measure the use of community service programs by experimentals and controls or to calculate impact estimates.

[11]MDRC conducted a comprehensive quality check of the SWIM tracking system. The results indicated that, for the most part, it provided adequate data for analysis. See Appendix A of the first SWIM report for more details.

was able to obtain information on participation in community college district programs, irrespective of whether SWIM staff had referred the individual to the particular course of study. Data for each individual included enrollment dates, subject areas, the number of courses taken, and completion dates. The analysis used data covering enrollments through June 1988, providing 24 to 36 months of follow-up for sample members, depending on when they were randomly assigned.

- The San Diego County JTPA Management Information System supplied data on enrollment in JTPA-funded activities throughout the County of San Diego. These data, maintained by the San Diego Regional Employment and Training Consortium (RETC), permitted the analysis of participation in JTPA-funded activities that resulted both from referrals by SWIM staff and from sample members' own initiative. Data for each individual included enrollment dates, types of activities, funding sources, and termination dates. The analysis used data covering enrollments through June 1988, providing 24 to 36 months of follow-up for sample members, depending on when they were randomly assigned.

- Fiscal Records and Agency Reports were used to determine the costs of operating SWIM, providing support service payments, and accessing services through the community college district and JTPA. Cost calculations were also based on the results of an MDRC-administered time study, which indicated the program functions fulfilled by each set of line staff involved in SWIM. Finally, data on the administrative costs of UI Benefits, Medi-Cal, Food Stamps, and AFDC were also consulted as part of the benefit-cost analysis.

- Worksite Supervisor Interviews were conducted by MDRC with a subsample of 30 work experience supervisors, primarily to obtain estimates of the value of work done by EWEP participants. Thirty registrants were randomly selected, from the May 1987 EWEP assignment logs, from among the 85 registrants who were assigned to participate in May 1987. The supervisors of these 30 registrants were interviewed for about 20 minutes over the telephone.

- Interviews with program staff and education and training providers were used in addition to direct *observations* of program activities and reviews of local office case files to study program implementation and operations.

CHAPTER 3

PARTICIPATION BY EXPERIMENTALS AND CONTROLS IN EMPLOYMENT-RELATED ACTIVITIES

This chapter examines the extent to which members of the experimental and control groups participated in activities aimed at increasing their self-sufficiency during the 2 to 3 years following their initial program registration. Participation differences between the two groups during this time period represent the "net" SWIM treatment, i.e., the extent to which SWIM increased registrants' participation in job search, work experience, education, and training beyond what individuals would have done on their own. The impacts (or effects) of this treatment on registrants' welfare and employment experiences are presented in Chapters 4 and 5.

Results from the first SWIM report indicated that within 12 months of program registration, approximately two-thirds of all experimentals participated in job search, work experience, education, or training while enrolled in SWIM. (See Appendix Table B.1 for 12-month rates calculated for this report.) This chapter extends the previous participation analysis in several ways. First, the rates presented in this chapter include additional follow-up, covering a total of 2 to 3 years following each sample member's registration. Second, the participation rates in this chapter take into account activities that may have occurred after sample members left the SWIM program.[1] Third, the experiences of control group members, as well as those of experimentals, are examined. This is very important since, as will become evident below, a large proportion of controls participated in education and training programs on their own initiative. There is one limitation, however, to the rates presented in this report. The number of data sources used to measure participation in employment-related activities prevented the calculation of one overall participation rate similar to the 12-month rate calculated for the first SWIM report.

The participation statistics presented in the chapter cover any activities that occurred

[1]In addition, as described in Chapter 2, information on education and training enrollment was obtained from the local community college district and the San Diego JTPA administrative agency. These data were not available for use in the first SWIM report. That report examined only education and training enrollment that was known to program staff, based on data recorded in the SWIM Automated Tracking System.

from the day an individual was randomly assigned through the end of June 1988 -- the period examined in the benefit-cost analysis presented in Chapter 6.[2] Participation in three types of activities -- job search, work experience, and education or training -- is described.

The comparisons of experimental and control participation patterns indicate that SWIM substantially increased registrants' participation in job search and work experience, but resulted in a modest difference in education and training program enrollment. This modest difference was expected, since registrants were referred to education and training programs only after completing the job search and work experience components. Many experimentals deregistered from SWIM before reaching that later stage of the program model.

I. Participation Among All Controls and Experimentals

A. Participation in Job Search and EWEP

As shown in Table 3.1, only a small number of controls -- fewer than 1 percent -- participated in job search activities or EWEP during the follow-up period. This was to be expected, since the research design excluded them from all program-arranged activities. The few who did participate probably represent keypunching errors in the SWIM Automated Tracking System or individuals whom staff mistakenly treated as experimentals.

More than one-half of the experimentals -- 54 percent of the AFDCs and 58 percent of the AFDC-Us -- participated in job search activity at least one day during the follow-up period, mostly in two-week job search workshops, though many were active in biweekly job clubs as well. According to results from the first SWIM report, more than three-quarters of the workshop participants attended for all 10 days. On average, job club participants attended 4 job club sessions.

One-fifth of the experimentals -- about 21 percent of both AFDCs and AFDC-Us -- worked at an EWEP site for at least 1 hour during the follow-up period. On average, EWEP participants worked 173 hours, or the equivalent of 25 full-time days, during the 2- to 3-year follow-up period.

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[2]Defining a follow-up period in this manner results in varying lengths of follow-up for each sample member. For example, individuals who registered at the beginning of the random assignment period have 3 years of follow-up, while those who registered at the end of the random assignment period are tracked for 2 years.

TABLE 3.1

SWIM

PERCENT OF REGISTRANTS EVER INVOLVED IN SPECIFIED ACTIVITIES, BY ASSISTANCE CATEGORY AND RESEARCH GROUP

Activity Measure	AFDC		AFDC-U	
	Experimentals	Controls	Experimentals	Controls
Participated in Job Search Activities	53.7%	0.7%***	58.1%	0.7%***
Job Search Workshop	45.1	0.7***	51.3	0.6***
Job Club	30.4	0.2***	30.3	0.3***
STAR	2.5	0.1***	2.3	0.0***
ISESA	7.9	0.1***	10.2	0.1***
Other Job Search	1.5	0.0***	2.1	0.0***
Participated in Work Experience (EWEP)	21.0	0.7***	20.2	0.6***
Participated in Community College Programs	34.3	27.6***	27.7	19.3***
College-Level Courses	11.1	10.4	6.7	4.1**
Basic and Continuing Education	28.4	21.8***	23.9	17.1***
Participated in JTPA-Funded Activities[a]	13.9	3.6***	11.9	4.7***
Sanctioned	11.4	0.0***	9.4	0.0***
Sample Size	1608	1619	704	683

SOURCE: MDRC calculations from the County of San Diego Department of Social Services SWIM Automated Tracking System and EWEP attendance logs, the San Diego Community College District Student Information System, and the San Diego County JTPA Management Information System.

NOTES: The sample for this table consists of individuals who registered between July 1985 and June 1986.

Activity measures are calculated as a percentage of the total number of persons in the indicated assistance category and research group. Follow-up begins at the point of initial registration, and ends June 30, 1986. This results in varying lengths of follow-up for each sample member. For example, individuals who registered in July 1985 have three years of follow-up while those who registered in June 1986 are followed for two years.

Participation is defined as attending a job search activity for at least one day, attending EWEP for at least one hour, enrolling in a community college program for at least one day, or attending a JTPA-funded activity for at least one day. Subcategory percentages may not add to category percentages because individuals can participate in more than one activity.

Differences between research groups are statistically significant using a two-tailed t-test or chi-quare test at the following levels: * = 10 percent; ** = 5 percent; *** = 1 percent.

[a]Some individuals are counted in this category as well as in the "ISESA" and "Basic and Continuing Education" categories because JTPA partially funded the ISESA component as well as several learning centers within the community college continuing education system.

B. Participation in Education and Training Programs

As discussed in Chapter 2, data on education and training participation were collected through matches of research sample identifiers to records maintained by the San Diego Community College District and the San Diego Regional Employment and Training Consortium (RETC). The San Diego Community College District, which includes adult schools as well as community college branches, was the local district for about 90 percent of the SWIM registrants. RETC retains information on JTPA-funded programs throughout the County of San Diego. Some of the enrollments included in these data bases reflected placements or referrals made by SWIM staff; in other instances, individuals enrolled on their own, while they were receiving welfare or after they had left the welfare rolls. This section summarizes participation levels among controls and experimentals in three types of activities: college-level courses, continuing education courses, and JTPA-funded activities.

1. Summary of Control Group Activity Levels. It is commonly believed that WIN-mandatory welfare recipients get little or no employment-related education or training on their own, presumably because adults are viewed as having little interest in formal schooling if it is not required. Two evaluations -- studies of Virginia's Employment Services Program and the Cook County, Illinois, WIN Demonstration Program, which were conducted as part of MDRC's Demonstration of State Work/Welfare Initiatives -- have rigorously addressed this issue. These studies found substantial enrollment in education and training programs among WIN-mandatory welfare applicants and recipients in the control group, i.e., those not required to participate in welfare employment programs. Thirteen percent of the control group members in the Virginia evaluation participated in education or training activities within 15 to 28 months of random assignment. In the Cook County evaluation, 18 percent of the control group members who attended a program orientation were active in education or training within 9 months of random assignment. These findings indicate that a sizeable portion of welfare recipients seek education and training opportunities without any program intervention.

The SWIM findings support this conclusion, as shown in Table 3.1. Within the 2- to 3-year follow-up period, 10 percent of the AFDC controls and 4 percent of the AFDC-U controls enrolled in college-level courses within the community college system. Twenty-two percent of the AFDC controls and 17 percent of the AFDC-U controls enrolled in community college district continuing education courses. Very few controls -- 4 percent of the AFDCs and 5 percent of the AFDC-Us -- were active in JTPA-funded activities.

2. Enrollment Among Experimentals in College-Level Courses. Enrollment rates for experimentals were very close to those of controls: 11 percent of the AFDC experimentals and 7 percent of the AFDC-U experimentals enrolled in college-level courses during the follow-up period. SWIM also had little, if any, effect on the number of courses taken. AFDC control and experimental college enrollees both took an average of 10 courses during the follow-up period. College students in the AFDC-U control group enrolled in an average of 11 courses, while AFDC-U experimentals took an average of 8 courses.

3. Enrollment Among Experimentals in Basic and Continuing Education Courses. SWIM did, however, lead to a statistically significant enrollment increase in community college district continuing education courses. About 28 percent of the AFDC experimentals enrolled in continuing education courses during the follow-up period, representing a 7 percentage point increase over the control group rate. Approximately 24 percent of the AFDC-U experimentals enrolled in continuing education, resulting in a 7 percentage point increase over the control group.

For experimentals, approximately one-half of the enrollments in continuing education courses probably reflect placements or referrals by SWIM staff.[3] The remaining enrollments could have occurred while experimentals were participating in job search or EWEP, or after they deregistered from the SWIM program. Since SWIM staff had little if any contact with members of the control group, it is likely that all (or virtually all) of the control group enrollments were client-initiated.

Most commonly, continuing education students were enrolled in vocational courses, although registrants were also frequently enrolled in GED or high school diploma courses. (See Appendix Table B.2.) This was true for controls as well as experimentals. About 15 percent of the AFDC controls and 19 percent of the AFDC experimentals were enrolled in vocational courses in such areas as office skills (e.g., typewriting, word processing, shorthand, business math, and records management), child development and care, health training (nurses aide and orderly), data entry and computer programming, automotive technology, electronics, and accounting. Approximately 7 percent of the AFDC-U controls and 10 percent of the

[3]Data in the SWIM Automated Tracking System were used to estimate the number of enrollments that reflect effort on the part of SWIM staff. Within the same follow-up period used above, 17 percent of the AFDC experimentals and 11 percent of the AFDC-U experimentals were noted as active in program-arranged education or training.

AFDC-U experimentals were enrolled in such courses.

Education courses were also commonly taken by continuing education students. Eight percent of the AFDC controls and 13 percent of the AFDC experimentals took GED or high school diploma courses; these same figures for AFDC-U registrants are 7 percent and 10 percent, respectively. As shown in Appendix Table B.2, a substantial number of registrants also enrolled in English as a Second Language and Adult Basic Education courses.

SWIM also appears to have affected length of stay in continuing education programs. AFDC and AFDC-U controls who participated in continuing education remained enrolled, on average, for approximately 3.8 months during the follow-up period. Their experimental counterparts were enrolled an average of 5.2 months.

4. Enrollment Among Experimentals in JTPA-Funded Programs. SWIM led to more dramatic enrollment increases in JTPA-funded activities. Fourteen percent of the AFDC experimentals were enrolled in JTPA-funded activities, usually provided by Title II-A 78-percent or 8-percent funds.[4] This represents a 10 percentage point increase over the control group enrollment rate. Twelve percent of the AFDC-U experimentals were active in such activities, resulting in a 7 percentage point increase over the level of enrollment for AFDC-U controls.[5] Both of these increases were statistically significant.

Experimentals' fairly extensive use of JTPA-funded activities resulted from the inclusion of several JTPA-funded activities in the SWIM program model. ISESA, which consisted of biweekly job search sessions, was operated by county welfare department staff but partially funded through JTPA. In addition, during the last 9 months of the SWIM demonstration, SWIM staff could refer EWEP completers to basic education learning centers, which were established as a pilot project for GAIN using JTPA Title II-A 8-percent funds. SWIM registrants were given priority for the 100 slots in the computer-assisted, competency-based centers.

Consistent with these arrangements, basic education and job search were frequently used

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[4]JTPA 78-percent funds are allocated by states according to set formulas, but their use is relatively unrestricted. JTPA 8-percent funds can be used to provide basic education or training, or to coordinate education or training activities.

[5]As will be discussed below, JTPA partially funded the ISESA (job search) component used by SWIM experimentals as well as several learning centers within the community college continuing education system. Thus, some individuals are counted twice in Table 3.1 -- in the ISESA or continuing education participation rates as well as in the JTPA-funded activity rates. Evaluation resources did not permit the calculation of unduplicated counts.

JTPA-funded activities. (See Appendix Table B.3.) Four percent of the AFDC experimentals and 3 percent of the AFDC-U experimentals were active in the pilot basic education laboratories. About 3 percent of both AFDC and AFDC-U experimentals enrolled in job search assistance. Another 3 percent of both groups received on-the-job training.

C. Participation in GAIN Activities

The County of San Diego began operating the GAIN program in place of SWIM starting in October 1987. Experimentals who were still in SWIM as of that date were allowed to continue their SWIM activities, which were categorized in GAIN as approved self-initiated programs. Procedures were put in place to prevent controls from receiving GAIN services until July 1988.

The participation rates presented in the previous sections of this chapter included all SWIM job search or work experience activity, along with any education or training activity (as part of any program, including SWIM or GAIN) that occurred before July 1988. However, the preceding rates did not include any measure of participation in GAIN job search activities. To determine participation rates in this GAIN activity, SWIM research sample identifiers were matched to a San Diego GAIN data base containing identifiers for all individuals who had attended a GAIN orientation since the start of San Diego's GAIN program. Further, results from a review of the case files of 50 GAIN orientation attenders were consulted.

The results indicate that 18 percent of the AFDC experimentals and 15 percent of the AFDC-U experimentals attended a GAIN orientation within 2 to 3 years of initial SWIM registration. The data also indicate that county procedures designed to keep SWIM controls out of GAIN were not completely effective: 6 percent of the AFDC controls and 5 percent of the AFDC-U controls attended a GAIN orientation within the same follow-up period.

These results do not indicate the extent to which SWIM sample members participated in GAIN, however, since many individuals are deregistered or deferred from GAIN before they have a chance to participate.[6] GAIN participation levels can be inferred from the data collected as part of the reviews of GAIN orientation attenders' case files. These data indicate that only a small proportion of SWIM registrants were likely to have participated in any GAIN activities not covered by the statistics in the previous sections. Furthermore, since San Diego's GAIN program did not begin until October 1987, this GAIN participation would have occurred

[6]See Riccio et al., 1989.

only in the last few quarters of the 2- to 3-year follow-up period.

In summary, the impact findings presented in this report are only minimally influenced by GAIN participation.

II. Participation Among Applicants and Recipients

Since the impact and benefit-cost analyses also examine SWIM's effect on applicants separately from its effect on recipients, this section reviews the relevant participation differences. The results indicate that SWIM increased participation in job search and work experience to a greater extent for recipients than applicants. SWIM increased enrollment in education and training to a slightly greater degree for AFDC recipients compared with AFDC applicants, but enrollment increases were about the same for AFDC-U applicants and recipients.

A. Participation in Job Search and EWEP

As noted earlier, very few controls participated in job search or work experience activities, so participation rates were very similar for applicant and recipient controls. However, within the AFDC experimental group, recipients were more likely than applicants to participate in job search and work experience during the follow-up period. (See Table 3.2.) Within the AFDC-U experimental group, this pattern was true for work experience, but did not hold for job search activities. (See Table 3.3.)

The likely explanation for this applicant/recipient difference hinges on the fact that some applicants are denied welfare benefits and that, as a group, they stay on welfare for a shorter time than recipients. As a result, recipients have more opportunities to participate in welfare employment programs.

B. Participation in Education and Training Programs

1. AFDC Registrants. The community college district and JTPA data indicate that applicants in the AFDC control group participated in education and training programs at the same rate as recipient controls. In addition, AFDC control group applicants and recipients who participated in such programs remained enrolled for equal periods of time.

On the other hand, applicants in the AFDC experimental group were less likely than recipient experimentals to enroll in college-level courses, continuing education programs, or JTPA-funded activities. Differences in length of stay in these programs, however, were not as apparent. Applicants who enrolled in college-level courses remained enrolled for one-half

TABLE 3.2

SWIM

AFDC: PERCENT OF REGISTRANTS EVER INVOLVED IN SPECIFIED ACTIVITIES, BY WELFARE STATUS AND RESEARCH GROUP

	Applicants		Recipients	
Activity Measure	Experimentals	Controls	Experimentals	Controls
Participated in Job Search Activities	48.7%	0.6%***	57.1%	0.7%***
Job Search Workshop	41.4	0.6***	47.6	0.7***
Job Club	23.0	0.2***	35.4	0.3***
STAR	2.5	0.0***	2.5	0.1***
ISESA	4.5	0.0***	10.2	0.1***
Other Job Search	1.2	0.0***	1.7	0.0***
Participated in Work Experience (EWEP)	16.7	0.3***	23.8	1.0***
Participated in Community College Programs	30.3	27.1	37.0	27.9***
College-Level Courses	9.0	9.4	12.5	11.0
Basic and Continuing Education	25.0	21.8	30.7	21.8***
Participated in JTPA-Funded Activities[a]	11.0	4.0***	15.8	3.4***
Sanctioned	13.6	0.0***	9.9	0.0***
Sample Size	647	620	961	999

SOURCE AND NOTES: See Table 3.1.

TABLE 3.3

SWIM

AFDC-U: PERCENT OF REGISTRANTS EVER INVOLVED IN SPECIFIED ACTIVITIES, BY WELFARE STATUS AND RESEARCH GROUP

Activity Measure	Applicants		Recipients	
	Experimentals	Controls	Experimentals	Controls
Participated in Job Search Activities	58.2%	1.0%***	58.0%	0.4%***
Job Search Workshop	52.6	1.0***	49.5	0.0***
Job Club	25.9	0.5***	36.3	0.0***
STAR	1.5	0.0**	3.4	0.0***
ISESA	7.8	0.0***	13.6	0.4***
Other Job Search	2.4	0.0***	1.7	0.0**
Participated in Work Experience (EWEP)	18.3	0.2***	22.7	1.1***
Participated in Community College Programs	24.0	16.9**	32.9	23.2**
College-Level Courses	6.1	2.6**	7.5	6.5
Basic and Continuing Education	20.1	16.4	29.2	18.3***
Participated in JTPA-Funded Activities[a]	8.3	5.2*	17.0	3.8***
Sanctioned	10.0	0.0***	8.5	0.0***
Sample Size	409	420	295	263

SOURCE AND NOTES: See Table 3.1.

month longer than recipient enrollees. Applicants enrolled in continuing education courses remained in these programs, on average, 2 months less than their recipient counterparts.

These results indicate that SWIM increased education and training enrollment more for AFDC recipients than for AFDC applicants: While AFDC applicants and recipients in the control group participated in education and training programs at an almost equal rate, AFDC recipients in the experimental group participated in such programs at a higher rate than did AFDC applicants in the experimental group.

2. AFDC-U Registrants. Applicant-recipient differences are evident among both AFDC-U controls and experimentals. In both research groups, recipients had higher rates of enrollment in college-level and continuing education courses during the follow-up period. This pattern, however, did not hold true for participation in JTPA-funded activities. Applicants and recipients in the control group enrolled in JTPA-funded activities at almost equal rates; recipients in the experimental group were twice as likely as applicants to enroll in such activities within the follow-up period.

Thus, SWIM increased enrollment in community college programs to a roughly equal degree for AFDC-U applicants and recipients but had more of an effect on enrollment in JTPA-funded activities among recipients.

CHAPTER 4

AFDC REGISTRANTS:

IMPACTS ON EMPLOYMENT, EARNINGS, AND WELFARE

The next two chapters present the effects, or impacts, of the SWIM program on employment, earnings, welfare receipt, and welfare payments for AFDC (Chapter 4) and AFDC-U (Chapter 5) registrants. As explained below, the length of follow-up covered by these estimates differs from that covered by the process and benefit-cost studies.

For AFDC registrants, SWIM led to sustained gains in employment and earnings and sustained reductions in welfare receipt and payments. During the 2 years following random assignment, experimentals had average earnings of $4,932 and controls had average earnings of $3,923, for a program effect of $1,009, a 26 percent increase over the control group mean. Over these 2 years, 63 percent of experimentals were employed at some point compared to 51 percent of controls, a 12 percentage point improvement. The data suggest that most of the earnings gains resulted from increased employment among experimentals rather than greater earnings during employment. For AFDC recipients -- the more disadvantaged portion of the sample -- the employment and earnings impacts were strong and sustained; for AFDC applicants, initial employment and earnings gains declined substantially by the end of the follow-up period.

During the follow-up period, experimentals received $8,590 in welfare payments, $1,097 less than the control group mean payments of $9,687, a saving of 11 percent. By the end of the follow-up period, 48 percent of experimentals were receiving welfare payments compared to 55 percent of controls, a 7 percentage point reduction in welfare use. Both applicants and recipients experienced sustained welfare grant reductions.

The earnings gains estimated for SWIM are comparable in magnitude to the largest found in programs evaluated as part of the Demonstration of State Work/Welfare Initiatives. The welfare savings are larger.

I. Analytical Issues

This chapter addresses two questions: What were the employment, earnings, and welfare

outcomes of those enrolled in the program? And what would these outcomes have been without the program? The first of these was answered by examining the behavior of the experimental group, which was eligible for SWIM services; the second was answered by examining the behavior of the control group, which was similar in all respects but was not offered SWIM services. The differences between the average outcomes for the experimental group and the control group are the estimated SWIM impacts. Outcome differences between experimentals and controls were considered statistically significant if there was no more than a 10 percent probability that the differences could have been as large by chance.

It is important to recognize, however, that the randomization design dictates how comparisons must be made. In particular, all persons randomly assigned must be included in the impact calculations in order for the estimates to be unbiased. This means, first, that *all* controls must be compared with *all* experimentals, including nonparticipants as well as program participants. Thus, impact estimates are reported "per experimental" and not, as is often the case in evaluations of employment programs, "per participant." The "per-experimental" approach is especially appropriate for mandatory programs such as SWIM. The very existence of a requirement to participate may itself have effects (prompting some individuals to avoid participating by finding employment on their own or by leaving welfare). These effects would not be captured by the impact estimates if only participants were included in the calculations. In addition, nonparticipants who did not comply with program requirements could be sanctioned by having their welfare grant reduced. Their reduction in welfare receipt would not be counted if only participants were included. The per-experimental approach, by encompassing all eligibles, also enables the reported impacts to represent what the average program effects would be for everyone in the mandatory AFDC caseload.

Second, including all sample members means that earnings and AFDC payment averages will necessarily include individuals who are not employed or are not receiving welfare; these individuals are assigned zero dollar values. To the extent that the program converts non-earners into earners, or welfare recipients into non-recipients, exclusion of zero values from both the control and experimental group estimate would otherwise lead to an underestimate of program impacts.

Other analytic issues concern the organization of the outcome data and the length of follow-up for each measure. Unemployment Insurance earnings data were collected by calendar

quarter: January through March, April through June, and so forth. But people were randomly assigned daily. Hence the earnings report for any individual's first quarter in the demonstration may have included some earnings that preceded that person's random assignment and so are irrelevant to a follow-up of the program's impacts. For that reason, the first quarter (the quarter of random assignment) is not counted in estimating cumulative program impacts. The AFDC monthly payments data were grouped into calendar quarters in order to match the earnings measures.

The length of follow-up examined in computing impacts differs from the length of follow-up used in Chapters 3 and 6. In this chapter (and in the next), stress is laid on a uniform length of follow-up for all sample members. Employment and earnings data are available through quarter 9 for all experimentals and controls. Excluding quarter 1, this provides 2 years of follow-up. Some sample members have additional data on employment and earnings, but these are not included in the main employment and earnings results so that the estimates apply to the entire research sample. AFDC payments data are available for all experimentals and controls for one additional quarter. The main welfare estimates therefore run through quarter 10, even though some sample members have welfare data beyond that point. Excluding quarter 1, this provides a follow-up of 2 1/4 years for welfare. In Chapter 6, the extra quarters of earnings and welfare data available for some sample members will be incorporated in the overall projections of program effects.

II. Experience of Controls

The control group provides a benchmark of the normal behavior of individuals eligible for but not referred to the SWIM program. Even without the assistance of a welfare employment program, many individuals find employment or leave welfare within a relatively short period of time. Experimental-control differences net out this normal turnover to arrive at the impact estimates. High levels of control group work and low levels of control group welfare may therefore help explain small impact estimates; low control group employment and high welfare receipt may be associated with larger impacts.

In fact, there was considerable labor force activity among SWIM eligibles, as has been

found in other studies.[1] More than half the controls worked at some point during the 2-year follow-up. Normal welfare turnover was correspondingly high. Although almost all controls (91 percent) received welfare benefits during the first quarter of follow-up, many found work and left welfare relatively quickly without special assistance. By the end of the second follow-up year, 55 percent of controls remained on AFDC. Further, the registrants' own earnings were not the only way off welfare. More than half of the controls who were off welfare by the end of follow-up had no reported earnings.[2] As is known from other research, large numbers of registrants leave welfare because of marriage or reconciliation, children who age out of dependent status, increased earnings of other family members, and other changes in family circumstances.[3]

III. Impacts for the Full AFDC Sample

Table 4.1 presents impact estimates for the full AFDC registrant sample.[4] This table shows summary estimates for the full follow-up period (quarters 2 through 9 for employment and earnings or 10 for welfare receipt), estimates for the first follow-up year (quarters 2 through 5) and the second (quarters 6 through 9), and detailed quarter-by-quarter estimates.

A. Employment and Earnings

As noted in the previous section, more than one-half of the controls, 51 percent, worked at some time during the follow-up period (Table 4.1). For experimentals, this rate was 63 percent, a statistically significant gain of 12 percentage points. This effect means that nearly one-quarter of the experimentals who would not have worked at all during the 2 years did find jobs with the help of the SWIM program. The average number of quarters of employment for

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[1]Some comparisons with samples from evaluations of other welfare-to-work programs are possible for the first year or so of follow-up. For SWIM, 40 percent of controls found employment during quarters 2 through 5. For Baltimore, the corresponding figure is 44 percent (Friedlander, 1987). For Chicago, the rate was 36 percent during quarters 2-6 (Friedlander et al., 1987). For Virginia, it was 41 percent during quarters 2-4 (Riccio et al., 1986). For the first San Diego demonstration, which enrolled only AFDC applicants, 55 percent of controls found employment in the short run, quarters 2-6 (Goldman et al., 1986), compared to the 48 percent rate for SWIM applicants in quarters 2-5.

[2]See Table 4.3. In quarter 9, 17.3 percent of controls were off welfare and working, whereas 24.0 percent were off but not working.

[3]See Bane and Ellwood, 1983, and Ellwood, 1986.

[4]Appendix Table C.1 gives the coefficients of the regression model used for computation of impacts for the AFDC registrant sample.

TABLE 4.1

SWIM

ALL AFDC: IMPACTS ON EMPLOYMENT, EARNINGS,
WELFARE RECEIPT, AND WELFARE PAYMENTS

Outcome and Follow-Up Period	Experimentals	Controls	Difference
Ever Employed (%)			
Quarters 2-9	62.5	50.7	+11.9***
Quarters 2-5	51.6	40.4	+11.3***
Quarters 6-9	49.4	40.0	+9.4***
Average Number of Quarters with Employment			
Quarters 2-9	2.72	2.15	+0.58***
Quarters 2-5	1.32	1.03	+0.29***
Quarters 6-9	1.40	1.12	+0.29***
Ever Employed (%)			
Quarter of Random Assignment	27.9	25.1	+2.7**
Quarter 2	30.7	24.7	+6.1***
Quarter 3	33.0	25.6	+7.4***
Quarter 4	33.6	25.8	+7.8***
Quarter 5	34.7	26.9	+7.7***
Quarter 6	34.9	26.7	+8.2***
Quarter 7	35.6	27.4	+8.2***
Quarter 8	35.2	28.4	+6.8***
Quarter 9	34.7	29.3	+5.4***
Average Total Earnings ($)			
Quarters 2-9	4932	3923	+1009***
Quarters 2-5	2029	1677	+352***
Quarters 6-9	2903	2246	+658***
Average Total Earnings ($)			
Quarter of Random Assignment	274	271	+4
Quarter 2	365	339	+27
Quarter 3	486	401	+85**
Quarter 4	568	456	+112***
Quarter 5	610	482	+128***
Quarter 6	677	484	+193***
Quarter 7	717	545	+172***
Quarter 8	743	597	+146***
Quarter 9	766	620	+146***

(continued)

TABLE 4.1 (continued)

Outcome and Follow-Up Period	Experimentals	Controls	Difference
Ever Received Any AFDC Payments (%)			
Quarters 2-10	92.1	92.9	-0.8
Quarters 2-5	91.3	92.0	-0.8
Quarters 6-9	64.3	71.4	-7.0***
Average Number of Months Receiving AFDC Payments			
Quarters 2-10	16.31	17.94	-1.63***
Quarters 2-5	8.60	9.12	-0.53***
Quarters 6-9	6.34	7.22	-0.88***
Ever Received Any AFDC Payments (%)			
Quarter of Random Assignment	91.2	91.4	-0.3
Quarter 2	89.7	89.9	-0.1
Quarter 3	79.0	81.6	-2.5*
Quarter 4	70.6	76.1	-5.5***
Quarter 5	66.0	72.4	-6.4***
Quarter 6	60.9	68.3	-7.3***
Quarter 7	57.3	64.7	-7.4***
Quarter 8	53.8	60.6	-6.9***
Quarter 9	51.3	58.7	-7.4***
Quarter 10	48.1	55.1	-7.0***
Average Total AFDC Payments Received ($)			
Quarters 2-10	8590	9687	-1097***
Quarters 2-5	4424	4830	-407***
Quarters 6-9	3408	3961	-553***
Average AFDC Payments Received ($)			
Quarter of Random Assignment	1194	1194	+0
Quarter 2	1286	1333	-47**
Quarter 3	1120	1225	-105***
Quarter 4	1032	1160	-129***
Quarter 5	987	1112	-125***
Quarter 6	922	1065	-143***
Quarter 7	867	1011	-144***
Quarter 8	826	963	-136***
Quarter 9	792	922	-129***
Quarter 10	758	896	-137***
Sample Size	1604	1607	3211

(continued)

TABLE 4.1 (continued)

SOURCE: MDRC calculations from the County of San Diego AFDC records and the State of California Unemployment Insurance earnings records.

NOTES: The sample for this table consists of individuals who registered between July 1985 and June 1986.

Dollar averages include zero values for sample members not employed and for sample members not receiving welfare. Estimates are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members. Rounding may cause slight discrepancies in calculating sums and differences.

For all measures, the quarter of random assignment refers to the calendar quarter in which random assignment occurred. Because Quarter 1, the quarter of random assignment, may contain some earnings and AFDC payments from the period prior to random assignment, it is excluded from the summary measures of follow-up.

A two-tailed t-test was applied to differences between experimental and control groups. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; *** = 1 percent.

experimentals also increased.

On a quarter-by-quarter basis, the difference in employment between experimentals and controls grew steadily, leveling off at about 8 percentage points by the end of the first follow-up year. Experimentals maintained an employment rate of approximately 35 percent through the final follow-up quarter; controls climbed slightly through the second year, narrowing the gap somewhat by the last quarter. All quarterly differences were statistically significant.

Quarterly earnings differences were also statistically significant after quarter 2. These differences appeared to peak at about quarter 6 and to show some decline after that, but remained statistically significant through the end of follow-up. Altogether, controls earned $3,923 over the two years compared to $4,932 for experimentals, for an impact of $1,009, a 26 percent increase over the control group mean. Earnings gains were $352 in year 1 and $658 in year 2. These summary figures were all statistically significant.

These earnings gains could have come through an increase in employment, an increase in earnings during employment, or both. The data suggest that most of the overall earnings effect was associated with the increase in employment for experimentals. Data supporting this inference are shown in Table 4.2. The top panel presents the distribution across earnings brackets of experimentals and controls during the second follow-up year. It shows increases in the number of experimentals in all four positive earnings brackets. It does not show some brackets increasing and others decreasing. Thus, SWIM did not appear to change the distribution of earnings among employed persons, as shown in the bottom panel of the table. It did not reduce the frequency of low earnings for experimentals who worked. In fact, average earnings per employed quarter were $1,813 for experimentals and $1,825 for controls, two nearly identical figures.[5]

B. Welfare Receipt

Some 93 percent of controls and about the same number of experimentals received AFDC during follow-up. Experimentals, however, began to leave welfare more rapidly. By the end of the first follow-up year, there was a clear reduction in the percent receiving AFDC. This difference exceeded 5 percentage points at the end of the first year and continued at about 7 percentage points through the second year, remaining statistically significant

[5]Earnings per employed quarter are calculated by dividing total earnings by the number of quarters employed. From Table 4.1, this is $4,932 / 2.72 for experimentals and $3,923 / 2.15 for controls.

TABLE 4.2

SWIM

ALL AFDC: IMPACTS ON DISTRIBUTION OF EARNINGS
DURING SECOND YEAR OF FOLLOW-UP (QUARTERS 6-9)

Outcome	Experimentals	Controls	Difference
Average Total Earnings, Quarters 6-9			
None	50.6%	60.0%	-9.4***
$1 - $1,999	17.1	14.5	+2.7**
$2,000 - $4,999	10.7	8.6	+2.1**
$5,000 - $9,999	12.2	9.2	+3.0***
$10,000 or More	9.4	7.8	+1.6*
Total	100.0	100.0	0.0
Average Total Earnings, If Employed, Quarters 6-9[a]			
$1 - $1,999	34.6	36.1	-1.5
$2,000 - $4,999	21.6	21.4	+0.3
$5,000 - $9,999	24.6	23.0	+1.6
$10,000 or More	19.1	19.5	-0.4
Total	100.0	100.0	0.0
Sample Size	1604	1607	3211

SOURCE: MDRC calculations from the State of California Unemployment Insurance earnings records.

NOTES: The sample for this table consists of individuals who registered between July 1985 and June 1986.

Estimates are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members. Rounding may cause slight discrepancies in calculating sums and differences.

A two-tailed t-test was applied to differences between experimental and control groups. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; *** = 1 percent. The distributed differences are not, however, strictly independent.

[a]Figures in this panel are based only on persons with earnings. Statistical tests were not applied to the differences.

throughout. By quarter 10, 55 percent of controls were on AFDC compared to 48 percent of experimentals. On average, over the 2 1/4-year follow-up, experimentals spent more than 1 1/2 months less time on the rolls.

For the 2 1/4-year follow-up period, total welfare payments averaged $9,687 per control and $8,590 per experimental. The difference is a statistically significant reduction of $1,097 per experimental, an 11 percent welfare saving relative to the control mean. There was an increasing experimental-control differential through quarter 7, which appeared to level off at a slightly lower but statistically significant amount thereafter. In annual terms, the total welfare savings were $407 per experimental in year 1 and $553 in year 2 (not counting the saving in the extra quarter 10).

These welfare effects are large relative to the estimated employment and earnings impacts. If the extra quarter of AFDC data is not counted, the increase in earnings ($1,009) and the decrease in welfare payments ($960) over the 2-year follow-up are approximately equal.

Three factors contributed to this result. First, the great majority of welfare reductions were associated with case closure rather than with lower monthly payments for persons who stayed on the rolls.[6] Second, some portion of the remaining welfare reductions may have stemmed from the imposition of sanctions, particularly in the early quarters. Third, it appears that a number of experimentals who became employed in the early quarters of follow-up subsequently lost their jobs but remained off welfare. This pattern of behavior is documented in Table 4.3.

Table 4.3 shows the combined employment and welfare receipt status of experimentals and controls for each quarter of follow-up and on average for all quarters. It shows that fewer experimentals than controls remained jobless and on welfare, both for the follow-up as a whole and for each quarter. During the early follow-up quarters, the program effect appeared as an increase in the percent of experimentals compared to controls who had earnings and AFDC in the same quarter. This differential gradually decreased as earnings led to case closure, until

[6]Using Table 4.1 the average monthly welfare payment for controls may be calculated as $540, which equals the average total grant amount, $9,687, divided by the number of months receiving welfare, 17.94. Multiplying $540 by the reduction in months, 1.63, gives $880, an estimate of the portion of the impact on welfare payments attributable to case closures. This figure is about 80 percent of the total welfare impact of $1,097. Decompositions of this sort must, however, be inexact, since grants for those whom the program helps leave welfare may, on average, be larger or smaller than the typical grant amount.

TABLE 4.3

SWIM

ALL AFDC: IMPACTS ON
COMBINED EMPLOYMENT AND WELFARE RECEIPT STATUS

Outcome and Follow-Up Period	Experimentals	Controls	Difference
Not Employed, Received AFDC			
Quarter of Random Assignment	67.1%	69.3%	-2.3*
Quarter 2	63.6	69.7	-6.1***
Quarter 3	56.4	63.8	-7.3***
Quarter 4	50.4	60.3	-9.9***
Quarter 5	46.5	57.0	-10.4***
Quarter 6	43.8	54.9	-11.1***
Quarter 7	41.0	52.2	-11.1***
Quarter 8	39.9	48.3	-8.4***
Quarter 9	38.6	46.8	-8.2***
Average Rate, Quarters 2-9	47.5	56.6	-9.1***
Employed, Received AFDC			
Quarter of Random Assignment	24.1	22.1	+2.0
Quarter 2	26.1	20.2	+5.9***
Quarter 3	22.6	17.8	+4.8***
Quarter 4	20.3	15.8	+4.4***
Quarter 5	19.5	15.5	+4.0***
Quarter 6	17.1	13.4	+3.7***
Quarter 7	16.3	12.6	+3.7***
Quarter 8	13.8	12.3	+1.5
Quarter 9	12.7	11.9	+0.8
Average Rate, Quarters 2-9	18.6	14.9	+3.6***
Employed, Did Not Receive AFDC			
Quarter of Random Assignment	3.8	3.1	+0.7
Quarter 2	4.6	4.5	+0.1
Quarter 3	10.4	7.8	+2.6***
Quarter 4	13.4	10.0	+3.4***
Quarter 5	15.2	11.5	+3.7***
Quarter 6	17.7	13.3	+4.4***
Quarter 7	19.3	14.9	+4.5***
Quarter 8	21.4	16.1	+5.3***
Quarter 9	21.9	17.3	+4.6***
Average Rate, Quarters 2-9	15.5	11.9	+3.6***

(continued)

TABLE 4.3 (continued)

Outcome and Follow-Up Period	Experimentals	Controls	Difference
Not Employed, Did Not Receive AFDC			
Quarter of Random Assignment	5.1%	5.5%	-0.4
Quarter 2	5.7	5.7	+0.0
Quarter 3	10.6	10.7	-0.1
Quarter 4	16.0	13.9	+2.1*
Quarter 5	18.8	16.1	+2.7**
Quarter 6	21.3	18.5	+2.9**
Quarter 7	23.4	20.4	+3.0**
Quarter 8	24.9	23.3	+1.6
Quarter 9	26.8	24.0	+2.8*
Average Rate, Quarters 2-9	18.4	16.6	+1.9**
Sample Size	1604	1607	3211

SOURCE: MDRC calculations from the County of San Diego AFDC records and the State of California Unemployment Insurance earnings records.

NOTES: The sample for this table consists of individuals who registered between July 1985 and June 1986.

Estimates are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members. Rounding may cause slight discrepancies in calculating sums and differences.

For all measures, the quarter of random assignment refers to the calendar quarter in which random assignment occurred. Because Quarter 1, the quarter of random assignment, may contain some earnings and AFDC payments from the period prior to random assignment, it is excluded from the summary measures of follow-up.

A two-tailed t-test was applied to differences between experimental and control groups. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; *** = 1 percent. The distributed differences are not, however, strictly independent.

there was virtually no difference between experimentals and controls at the end of follow-up. At the same time, the rate at which experimentals receiving earnings but no AFDC payments in a quarter increased and surpassed the rate for controls.

The final category, no earnings and no welfare, is important in explaining the overall relationship between earnings and AFDC impacts. As shown in Table 4.3, beginning with quarter 4, the percent of experimentals without earnings or AFDC began to exceed the percent of controls in this status by a small but statistically significant amount. This differential remained between 2 and 3 percentage points for most of the remaining follow-up. Estimates not shown in Table 4.3 reveal that virtually all of this differential was accounted for by experimentals who were initially employed in quarters 2 or 3 but subsequently became jobless.[7]

This pattern of effect indicates a welfare impact for some individuals who did not obtain an offsetting, sustained impact on earnings. Whether this means that they were unable or unwilling to reapply for AFDC or were ineligible owing to a change in marital status or for some other reason cannot be determined from the data. If, however, only their own income (earnings plus AFDC) is counted, these individuals suffered a net financial loss.

IV. How Long Will Impacts Last?

A full assessment of the impacts of SWIM depends not only on the size of the experimental-control differences but also on how long they persist. Will experimentals continue to maintain higher average earnings after the end of the 2-year follow-up? Will welfare expenditures for them remain lower? The estimates already discussed indicate that controls had not "caught up" to experimentals by quarter 9 of earnings or quarter 10 of AFDC payments, but the following additional information obtained from the sample further addresses these questions.

Entry into the research sample took place over the 12-month period July 1985 through June 1986. Sample members who enrolled during the first 6 months have an extra two quarters of follow-up data that provide an indication of how strongly SWIM's impacts will

[7]To investigate this issue, the quarterly status "not employed and not on welfare" was further subdivided by whether a sample member had earnings during quarters 2 or 3. The quarterly values of these two sets of variables were then summed and impact regressions were run on the sum variables. Altogether, experimentals spent .1496 more quarters than controls in the status "not employed and not on welfare." Some .1479 of this (99 percent) accrued to individuals who had earnings during quarter 2 or 3.

continue. Table 4.4 gives these impact estimates separately for the early- and late-enrolling AFDC registrants. The estimates for the early sample can be examined alone and in comparison with the later sample.

Early registrants (July through December 1985) show a continuation of employment impacts at about the 5 percentage point level for the extra quarters. A slight decline is evident, however. A decline in earnings impacts is apparent as well. From a peak earnings increase of $152 in quarter 6, earnings increases fall by about half, down to $71 by quarter 11, a level that is no longer statistically significant.

It is possible that this subsample of early AFDC registrants may not, however, be representative of the rest of the sample. Early registrants were more likely to be AFDC applicants and to have shorter welfare histories than later registrants (January through June 1986).[8] Earnings impacts for the later group were, in fact, larger during the second year than they were for the early group and remained statistically significant until the last quarter of follow-up. The maximum earnings gain (quarter 7) was $244 compared to $152 for the earlier group. Nevertheless, during the last two quarters, the later group also shows a decrease in earnings impact.

The evidence from both groups therefore indicates that the experimental-control difference in earnings does begin to narrow during the second year. But it is not clear whether the difference will continue to decline or will stabilize.

For welfare impacts, both early and late registrants show a modest decrease in experimental-control differentials over time, beginning near the end of the second follow-up year. This modest decay occurs for impacts on both the percent receiving AFDC and the average AFDC payment. All welfare effects are still strong and statistically significant at the end of follow-up, including the extra two quarters for the early sample. It is likely that the experimental-control difference will continue, thus substantially increasing the total welfare savings beyond those measured by the available data.

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[8]There are two reasons for the shift away from applicants over time. First, delays in notifying recipients of their renewal interviews slowed the rate at which this group was initially phased into the program. This, in turn, affected the composition of the early sample with respect to applicant/recipient status. Second, there was a modest decline in the unemployment rate in San Diego County over the intake period for the impact sample. The unemployment rate decreased from 5.3 percent in the last 6 months of 1985 to 4.9 in the first 6 months of 1986, causing a decline in the number of welfare applications.

TABLE 4.4

SWIM

AFDC EARLIER AND LATER COHORTS: IMPACTS ON EMPLOYMENT, EARNINGS, WELFARE RECEIPT, AND WELFARE PAYMENTS

Outcome and Follow-Up Period	AFDC Earlier Cohort			AFDC Later Cohort		
	Experimentals	Controls	Difference	Experimentals	Controls	Difference
Ever Employed (%)						
Quarters 2-11	66.2	55.2	+11.0***	--	--	--
Quarters 2-9	63.7	52.7	+11.0***	61.1	48.2	+12.9***
Quarters 2-5	52.8	42.7	+10.1***	50.1	37.6	+12.5***
Quarters 6-9	51.0	41.1	+9.9***	47.6	38.7	+8.9***
Average Number of Quarters with Employment						
Quarters 2-11	3.45	2.82	+0.63***	--	--	--
Quarters 2-9	2.78	2.25	+0.52***	2.66	2.02	+0.64***
Quarters 2-5	1.39	1.10	+0.28***	1.24	0.94	+0.30***
Quarters 6-9	1.39	1.15	+0.24***	1.42	1.08	+0.34***
Ever Employed (%)						
Quarter of Random Assignment	29.0	26.7	+2.3	26.4	23.2	+3.2*
Quarter 2	32.6	25.7	+6.9***	28.6	23.4	+5.2**
Quarter 3	33.9	27.3	+6.6***	31.9	23.4	+8.5***
Quarter 4	36.6	28.3	+8.3***	30.1	22.9	+7.2***
Quarter 5	35.5	29.0	+6.5***	33.5	24.6	+8.9***
Quarter 6	35.0	27.4	+7.6***	34.6	25.9	+8.7***
Quarter 7	34.2	28.0	+6.1***	37.3	26.7	+10.6***
Quarter 8	34.8	29.1	+5.7***	35.8	27.3	+8.4***
Quarter 9	35.1	30.6	+4.5**	34.1	27.6	+6.5***
Quarter 10	33.9	28.6	+5.3**	--	--	--
Quarter 11	33.2	28.1	+5.1**	--	--	--
Average Total Earnings ($)						
Quarters 2-11	6406	5399	+1007**	--	--	--
Quarters 2-9	4939	4086	+853**	4918	3728	+1191***
Quarters 2-5	2149	1789	+359**	1889	1536	+352*
Quarters 6-9	2790	2296	+494**	3030	2191	+838***
Average Total Earnings ($)						
Quarter of Random Assignment	281	273	+8	269	266	+3
Quarter 2	392	348	+43	336	325	+11
Quarter 3	495	420	+74*	475	378	+97*
Quarter 4	622	488	+134**	505	414	+91
Quarter 5	640	533	+108*	573	419	+153***
Quarter 6	666	514	+152***	691	449	+242***
Quarter 7	653	544	+108*	791	547	+244***
Quarter 8	709	601	+108*	782	594	+188***
Quarter 9	763	638	+125*	766	601	+165**
Quarter 10	724	641	+83	--	--	--
Quarter 11	743	672	+71	--	--	--

(continued)

TABLE 4.4 (continued)

Outcome and Follow-Up Period	AFDC Earlier Cohort			AFDC Later Cohort		
	Experimentals	Controls	Difference	Experimentals	Controls	Difference
Ever Received Any AFDC Payments (%)						
Quarters 2-12	91.9	91.8	+0.1	--	--	--
Quarters 2-10	91.6	91.6	+0.0	92.7	94.4	-1.8
Quarters 2-5	90.5	90.8	-0.3	92.1	93.6	-1.5
Quarters 6-9	62.8	69.8	-7.1***	66.3	73.2	-6.9***
Average Number of Months Receiving AFDC Payments						
Quarters 2-12	18.28	20.34	-2.07***	--	--	--
Quarters 2-10	15.78	17.44	-1.66***	16.95	18.54	-1.60***
Quarters 2-5	8.37	8.88	-0.51***	8.88	9.43	-0.55***
Quarters 6-9	6.10	7.00	-0.89***	6.63	7.50	-0.86***
Ever Received Any AFDC Payments (%)						
Quarter of Random Assignment	91.1	90.1	+1.0	91.3	92.9	-1.7
Quarter 2	88.7	88.5	+0.2	90.9	91.7	-0.8
Quarter 3	77.3	79.1	-1.9	81.0	84.5	-3.5*
Quarter 4	69.2	73.4	-4.2**	72.4	79.4	-7.0***
Quarter 5	63.9	70.7	-6.8***	68.7	74.5	-5.9***
Quarter 6	59.0	66.3	-7.3***	63.3	70.6	-7.3***
Quarter 7	55.7	62.8	-7.2***	59.2	67.1	-7.8***
Quarter 8	51.6	57.9	-6.3***	56.3	63.9	-7.5***
Quarter 9	49.2	57.4	-8.2***	53.8	60.2	-6.5***
Quarter 10	46.4	54.6	-8.2***	50.2	55.8	-5.6**
Quarter 11	45.0	52.2	-7.3***	--	--	--
Quarter 12	42.8	49.2	-6.3***	--	--	--
Average Total AFDC Payments Received ($)						
Quarters 2-12	9638	11010	-1372***	--	--	--
Quarters 2-10	8260	9381	-1120***	8995	10051	-1056***
Quarters 2-5	4250	4665	-415***	4636	5029	-393***
Quarters 6-9	3282	3840	-558***	3564	4105	-541***
Average AFDC Payments Received ($)						
Quarter of Random Assignment	1194	1172	+22	1194	1219	-25
Quarter 2	1249	1303	-53**	1330	1370	-40
Quarter 3	1069	1172	-103***	1180	1290	-110***
Quarter 4	987	1106	-119***	1086	1225	-138***
Quarter 5	944	1084	-140***	1040	1144	-104***
Quarter 6	891	1031	-140***	961	1107	-146***
Quarter 7	842	973	-130***	898	1058	-160***
Quarter 8	789	928	-139***	872	1004	-132***
Quarter 9	760	908	-148***	833	936	-103**
Quarter 10	728	876	-148***	796	918	-122***
Quarter 11	693	827	-133***	--	--	--
Quarter 12	684	803	-118***	--	--	--
Sample Size	871	887	1758	733	720	1453

(continued)

TABLE 4.4 (continued)

SOURCE: MDRC calculations from the County of San Diego AFDC records and the State of California Unemployment Insurance earnings records.

NOTES: The earlier cohort registered between July 1985 and December 1985, and the later cohort registered between January 1986 and June 1986.

Dollar averages include zero values for sample members not employed and for sample members not receiving welfare. Estimates are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members. Rounding may cause slight discrepancies in calculating sums and differences.

For all measures, the quarter of random assignment refers to the calendar quarter in which random assignment occurred. Because Quarter 1, the quarter of random assignment, may contain some earnings and AFDC payments from the period prior to random assignment, it is excluded from the summary measures of follow-up.

A two-tailed t-test was applied to differences between experimental and control groups. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; *** = 1 percent.

V. Applicants and Recipients

Employment program administrators often ask whether it is worth allocating program resources to serve groups of AFDC registrants classed as "more dependent" or "less employable." Evaluations of programs included in MDRC's Demonstration of State Work/Welfare Initiatives have found that several of these groups can, in fact, benefit from low- to moderate-cost employment programs. One of the principal means of categorizing registrants is by their time on welfare. Specifically, program operators sometimes target new welfare applicants for priority attention or, at the other extreme of dependency, long-time welfare recipients. This section examines SWIM impacts separately for applicants and recipients in the AFDC registrant sample. Table 4.5 shows side-by-side impact estimates for these two subgroups.

Approximately 40 percent of the AFDC sample are applicants and 60 percent recipients. As shown in Appendix Table A.3, applicants are generally less disadvantaged and more job-ready than recipients, as evidenced by their employment histories and length of prior welfare receipt. For this reason, applicant controls show higher rates of employment and earnings and lower rates of welfare receipt during follow-up than do recipient controls. These differences can be large. For example, 59 percent of applicant controls worked at some point during follow-up compared to 45 percent of recipient controls. Some 13 percent of applicant controls did not receive a welfare payment during follow-up compared to 3 percent of recipient controls.[9] Welfare receipt rates for applicant controls by the end of follow-up were half what they were in the quarter of random assignment, but for recipient controls the dropoff was only about one-third. Applicant controls spent an average of 14 months on AFDC, but recipient controls spent nearly 21 months. Total AFDC payments were more than 50 percent higher for recipient controls than for applicant controls.

The greater employability of applicants does not necessarily mean that they will experience larger increases in earnings or larger effects on welfare receipt. In fact, greater employability is often associated with *lower* program impact because there is less room for

[9]The small number of recipients without a welfare payment indicates cases where payments had actually terminated at the time of random assignment and possible minor errors in matching cases to payment records.

TABLE 4.5

SWIM

AFDC APPLICANTS AND RECIPIENTS: IMPACTS ON EMPLOYMENT, EARNINGS, WELFARE RECEIPT, AND WELFARE PAYMENTS

Outcome and Follow-Up Period	AFDC Applicants[a]			AFDC Recipients[a]		
	Experimentals	Controls	Difference	Experimentals	Controls	Difference
Ever Employed (%)						
Quarters 2-9	66.3	58.9	+7.4***	60.1	45.4	+14.7***
Quarters 2-5	57.9	48.3	+9.6***	47.5	35.4	+12.1***
Quarters 6-9	49.4	46.1	+3.4	49.4	36.3	+13.1***
Average Number of Quarters with Employment						
Quarters 2-9	2.87	2.59	+0.28*	2.63	1.88	+0.75***
Quarters 2-5	1.46	1.28	+0.18**	1.23	0.88	+0.35***
Quarters 6-9	1.41	1.30	+0.10	1.40	1.00	+0.40***
Ever Employed (%)						
Quarter of Random Assignment	37.5	34.8	+2.6	21.6	19.0	+2.6*
Quarter 2	34.0	31.3	+2.7	28.4	20.8	+7.7***
Quarter 3	36.7	32.9	+3.8	30.5	21.1	+9.5***
Quarter 4	36.8	30.7	+6.1**	31.5	22.8	+8.7***
Quarter 5	38.3	33.2	+5.1**	32.3	22.9	+9.4***
Quarter 6	36.3	31.7	+4.6*	34.0	23.5	+10.5***
Quarter 7	35.9	32.1	+3.8	35.3	24.7	+10.7***
Quarter 8	34.3	32.9	+1.4	35.7	25.6	+10.1***
Quarter 9	34.2	33.8	+0.4	34.9	26.5	+8.4***
Average Total Earnings ($)						
Quarters 2-9	5906	5250	+656	4303	3081	+1222***
Quarters 2-5	2607	2238	+369	1652	1319	+333**
Quarters 6-9	3298	3011	+287	2651	1762	+889***
Average Total Earnings ($)						
Quarter of Random Assignment	413	406	+7	184	185	-1
Quarter 2	480	457	+23	287	268	+19
Quarter 3	628	552	+76	393	305	+87**
Quarter 4	736	568	+167**	460	382	+79*
Quarter 5	764	661	+103	512	365	+148***
Quarter 6	796	664	+132*	602	369	+233***
Quarter 7	827	724	+103	645	432	+213***
Quarter 8	831	809	+22	686	464	+222***
Quarter 9	844	815	+29	717	496	+221***

(continued)

TABLE 4.5 (continued)

Outcome and Follow-Up Period	AFDC Applicants[a]			AFDC Recipients[a]		
	Experimentals	Controls	Difference	Experimentals	Controls	Difference
Ever Received Any AFDC Payments (%)						
Quarters 2-10	86.5	86.6	-0.1	95.6	96.9	-1.2
Quarters 2-5	85.4	85.5	-0.1	95.0	96.3	-1.3
Quarters 6-9	50.5	57.0	-6.6**	73.3	80.6	-7.3***
Average Number of Months Receiving AFDC Payments						
Quarters 2-10	12.37	13.91	-1.55***	18.84	20.54	-1.70***
Quarters 2-5	6.93	7.44	-0.51**	9.66	10.22	-0.55***
Quarters 6-9	5.47	5.30	-0.83***	7.55	8.46	-0.91***
Ever Received Any AFDC Payments (%)						
Quarter of Random Assignment	81.3	82.6	-1.3	97.3	97.3	+0.0
Quarter 2	82.3	81.4	+1.0	94.4	95.4	-1.0
Quarter 3	65.2	69.7	-4.5*	87.8	89.3	-1.5
Quarter 4	56.1	61.7	-5.6**	79.9	85.5	-5.6***
Quarter 5	51.7	58.0	-6.4**	75.2	81.8	-6.5***
Quarter 6	45.3	52.7	-7.4***	70.9	78.3	-7.4***
Quarter 7	40.8	47.9	-7.1***	67.9	75.6	-7.7***
Quarter 8	37.9	44.1	-6.2**	63.9	71.2	-7.3***
Quarter 9	37.4	43.4	-6.0**	60.3	68.5	-8.1***
Quarter 10	34.5	41.4	-6.9***	56.9	64.0	-7.0***
Average Total AFDC Payments Received ($)						
Quarters 2-10	6268	7182	-914***	10079	11301	-1222***
Quarters 2-5	3381	3724	-343**	5090	5546	-456***
Quarters 6-9	2354	2821	-467***	4086	4694	-608***
Average AFDC Payments Received ($)						
Quarter of Random Assignment	714	700	+15	1501	1512	-11
Quarter 2	1052	1096	-44	1436	1487	-51***
Quarter 3	837	948	-112***	1301	1404	-103***
Quarter 4	766	870	-103**	1201	1349	-148***
Quarter 5	726	810	-84**	1153	1307	-154***
Quarter 6	651	756	-105**	1095	1265	-170***
Quarter 7	589	712	-123***	1047	1203	-156***
Quarter 8	561	687	-126***	997	1140	-143***
Quarter 9	553	666	-113***	947	1086	-139***
Quarter 10	533	637	-104**	903	1061	-158***
Sample Size	646	612	1258	958	995	1953

(continued)

TABLE 4.5 (continued)

SOURCE: MDRC calculations from the County of San Diego AFDC records and the State of California Unemployment Insurance earnings records.

NOTES: The sample for this table includes individuals who registered between July 1985 and June 1986.

Dollar averages include zero values for sample members not employed and for sample members not receiving welfare. Estimates are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members. Rounding may cause slight discrepancies in calculating sums and differences.

For all measures, the quarter of random assignment refers to the calendar quarter in which random assignment occurred. Because Quarter 1, the quarter of random assignment, may contain some earnings and AFDC payments from the period prior to random assignment, it is excluded from the summary measures of follow-up.

A two-tailed t-test was applied to differences between experimental and control groups. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; *** = 1 percent.

[a]Regressions were run on separate subsamples of applicants and recipients.

improvement.[10] As it turned out, earnings gains for the two groups were fairly similar for the first follow-up year: $369 per experimental for applicants and $333 per experimental for recipients. Earnings gains for recipients, however, were higher in the second follow-up year than in the first, while applicants' initial earnings increases declined substantially. The second-year earnings impact for recipients was $889, three times the estimate for applicants.[11] In total, average earnings gains for the 2 years were $1,222 for recipients and $656 for applicants, with the quarter-by-quarter results for recipients generally statistically significant and those for applicants generally not. The relative magnitude of these estimates, combined with the fact that recipients made up the majority of enrollees, means that about 74 percent of the aggregate measured earnings impact of SWIM came through the program's effects on recipients, the ostensibly "less employable" group.

Underlying these earnings impacts are the patterns of employment impacts for applicants and recipients. Impacts on employment for recipients persisted through the end of follow-up; those for applicants did not. In fact, the *level* of employment for applicant experimentals decreased somewhat -- from over 38 percent in quarter 5 to about 34 in quarter 9 -- suggesting that many of the new jobs found by experimental applicants were not held as long as those found by experimental recipients. Additional calculations (not shown in the table) reveal this to be so: The number of recipients who held jobs both during quarters 2 or 3 and at the end of follow-up (quarter 9) increased by 6.7 percentage points (statistically significant) compared to only a 1.5 percentage point increase for applicants (not statistically significant).[12] This result contributed to the tapering off of earnings impacts for applicants in the late follow-up quarters.

These differences are further reflected by the distributions of earnings of applicants and recipients. Table 4.6 shows program effects on the distribution of earnings during the second

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[10]Empirical results from selected experimental studies that were part of the Demonstration of State Work/Welfare Initiatives are presented in Friedlander, 1988.

[11]The difference in impact estimates for year 2 earnings between applicants and recipients is statistically significant. Tests were also performed on the differences in other impacts between applicants and recipients for year 1, year 2, and the full follow-up. Applicant/recipient differences in impacts on "ever employed" and "ever employed in year 2" were statistically significant, as were impacts on the number of quarters employed for year 1, year 2, and the full follow-up. None of the corresponding differences in welfare effects -- i.e., ever received, number of months, and dollar payments -- was statistically significant.

[12]The difference in these impact estimates between applicants and recipients is statistically significant.

TABLE 4.6

SWIM

AFDC APPLICANTS AND RECIPIENTS: IMPACTS ON DISTRIBUTION OF EARNINGS
DURING SECOND YEAR OF FOLLOW-UP (QUARTERS 6-9)

Outcome	AFDC Applicants[a]			AFDC Recipients[a]		
	Experimentals	Controls	Difference	Experimentals	Controls	Difference
Average Total Earnings, Quarters 6-9						
None	50.6%	53.9%	-3.4	50.6%	63.7%	-13.1***
$1 - $1,999	16.9	15.3	+1.6	17.4	13.8	+3.5***
$2,000 - $4,999	8.8	7.7	+1.1	11.8	9.3	+2.5*
$5,000 - $9,999	11.6	10.3	+1.2	12.5	8.6	+3.9***
$10,000 or More	12.1	12.7	-0.6	7.8	4.6	+3.2***
Total	100.0	100.0	0.0	100.0	100.0	0.0
Average Total Earnings, If Employed, Quarters 6-9[b]						
$1 - $1,999	34.2	33.3	+1.0	35.1	38.1	-3.0
$2,000 - $4,999	17.8	16.7	+1.1	23.8	25.5	-1.7
$5,000 - $9,999	23.4	22.4	+1.0	25.2	23.7	+1.6
$10,000 or More	24.5	27.6	-3.1	15.8	12.8	+3.1
Total	100.0	100.0	0.0	100.0	100.0	0.0
Sample Size	646	612	1258	958	995	1953

SOURCE: MDRC calculations from the State of California Unemployment Insurance earnings records.

NOTES: The sample for this table consists of individuals who registered between July 1985 and June 1986.

Estimates are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members. Rounding may cause slight discrepancies in calculating sums and differences.

A two-tailed t-test was applied to differences between experimental and control groups. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; *** = 1 percent. The distributed differences are not, however, strictly independent.

[a]Regressions were run on separate subsamples of applicants and recipients.

[b]Figures in this panel are based only on persons with earnings. Statistical tests were not applied to the differences.

follow-up year. For neither applicants nor recipients did earnings distributions change very much. The top panel of the table indicates, however, that for recipients, the number of experimentals in every positive earnings bracket, including the highest, increased. In contrast, applicant experimentals showed only small increases in the three lower brackets and none at all in the highest.

Two-thirds of aggregate welfare savings accrued from recipients. Reductions in AFDC payments over the 2 1/4 years were $1,222 per experimental for recipients and $914 per experimental for applicants. Both were statistically significant. Relative to the control means, these savings were 11 percent for recipients and 13 percent for applicants. Neither group showed a pronounced decrease in the experimental-control difference during the follow-up, but the decay of earnings impacts for applicants may mean that their welfare effects will start to fade rapidly during the third year.

The employment and earnings results for applicants and recipients highlight the importance of achieving sustained employment in producing long-term earnings gains. They also show that when employment effects are not sustained, the magnitude of earnings gains may be reduced relative to welfare reductions, at least in the short run. The estimates do *not* imply that it is always more difficult to produce sustained employment for applicants than for recipients or that program operators should work only with recipients and not with applicants. Studies produced as part of the Demonstration of State Work/Welfare Initiatives have in several cases shown a longer-lasting earnings impact for applicants than was found in this particular sample. Instead, the primary lesson is that impacts can often be produced for even some of the more disadvantaged elements of the caseload, represented here by recipients.[13]

VI. Comparison of SWIM to the Prior San Diego Demonstration

In the early 1980s, San Diego operated a program that involved a short-term participation requirement in job search assistance and work experience, called EPP/EWEP (Employment Preparation Program/Experimental Work Experience Program). MDRC evaluated its

[13]Although working with a relatively dependent segment is supported by the empirical findings of a number of studies, a strategy of focusing all program resources only on the *most* dependent does not have empirical support. It may be that for the most dependent individuals, those with several serious barriers to employment, the ability of low- to moderate-cost interventions to achieve earnings impacts may be small.

effectiveness for AFDC and AFDC-U enrollees.[14] SWIM was an extension of that earlier program. This section discusses why it is difficult to compare findings from the two studies and provides some guidance for interpreting the two sets of results.

In making any direct comparison of the SWIM findings with those presented in the final report of the earlier demonstration, four differences between the two demonstrations appear to be particularly important. First, EPP/EWEP served only applicants, whereas SWIM served both applicants and recipients. Second, EPP/EWEP operated in all seven of San Diego's local offices; SWIM operated in only two, which were located in the poorest, most urban areas of the county. Thus, the population served in the SWIM offices was more disadvantaged. Third, in the earlier demonstration, the research sample was followed from the point of applying for welfare at the Income Maintenance offices, whereas for SWIM follow-up started later, when individuals showed up at the SWIM office. Persons who did not show up for program orientation, perhaps because they were denied aid or found employment, were included in the EPP/EWEP sample but not in the SWIM sample. Fourth, the San Diego labor market during the SWIM program was better than during the earlier demonstration.[15]

The first of these differences requires that only the SWIM results for applicants be compared with the EPP/EWEP impact estimates. The other differences between the two demonstrations cannot readily be adjusted for. Differences in impacts cannot therefore be confidently attributed to differences in program models. Such comparisons, while based on experimental tests for each model separately, do not use an experimental design to isolate the differential impacts of the two models (i.e., individuals were not randomly assigned to either EPP/EWEP or SWIM). Only six quarters of follow-up data were available for the EPP/EWEP evaluation, so comparisons between the two demonstrations must be confined to this shorter follow-up period.

These differences were reflected in the behavior of the control groups in the two samples. SWIM controls fared less well in the labor market and relied more on welfare than did the earlier sample. The control group employment rate for EPP/EWFP was 38 percent by quarter 6 compared to 32 percent for SWIM. Only 36 percent of EPP/EWEP controls

[14]For the detailed results of that evaluation, see Goldman, Friedlander, and Long, 1986.

[15]At the start of the earlier demonstration, the San Diego unemployment rate exceeded 10 percent. By the beginning of SWIM, it had declined to about 5 percent.

were on welfare in that quarter: 55 percent of SWIM controls were. Control earnings were correspondingly higher for EPP/EWEP, and control welfare payments were lower.

A comparison of applicants in the two studies suggests that the impacts of EPP/EWEP and SWIM on earnings were not markedly different but that SWIM's welfare impacts were larger and longer-lasting.[16] Given the caveats mentioned above, the implications for program design are not clear.

[16]This finding is consistent with the greater dependency of the SWIM applicant sample. Prior research has indicated that welfare reductions for adults on AFDC may be more readily achieved by working with relatively dependent populations, although not necessarily by working *exclusively* with those on the extreme bottom of the spectrum of dependency.

CHAPTER 5

AFDC-U REGISTRANTS: IMPACTS ON EMPLOYMENT, EARNINGS, AND WELFARE

This chapter examines the same set of impacts for AFDC-U registrants as those just presented for the AFDC sample. The AFDC-U sample is smaller than the AFDC sample. Hence, impacts of a similar magnitude are less likely to be statistically significant, particularly for earnings outcomes. AFDC-U cases generally receive larger welfare payments than AFDC cases because the needs of the second parent are figured into the grant amount. They are, however, subject to tighter eligibility requirements and more stringent sanctioning penalties. According to regulations in effect during the SWIM demonstration, eligibility for AFDC-U terminated when the case head worked more than 100 hours per month, regardless of earnings. In addition, a sanction closed the case rather than merely reducing the grant temporarily as it did for AFDC registrants.[1] Finally, as heads of two-parent families, AFDC-U registrants did not have child care problems to the same degree as those that affected employment behavior for the single-parent AFDC registrants.

For AFDC-U registrants, SWIM achieved sustained gains in employment and sustained reductions in welfare payments. They also had increased earnings and a reduced number of months on welfare for the follow-up period as a whole. However, effects on earnings and percent receiving welfare were not statistically significant in most quarters of the follow-up, partly because of small sample sizes. During a 2-year follow-up period, 70 percent of experimentals and 62 percent of controls found employment at some time, an 8 percentage point improvement. This was associated with a $954 increase in earnings, a 14 percent increase over the control group mean of $6,647. Average AFDC-U grant payments made to experimentals during a 2 1/4-year follow-up totalled $9,682, which was $1,101 less than the $10,783 in payments made to controls, a 10 percent saving. At the end of the follow-up period, improvements in employment rates and reductions in welfare payments were strong, with little evidence of decay.

[1]There was an exception to this rule. The State of California made AFDC-U sanctioning penalties for noncompliance with the work experience component the same as those for AFDCs.

I. Analytical Issues

Methodology and analytical issues for AFDC-U registrants are the same as those for AFDC registrants, discussed in Chapter 4, Section I. However, the rules defining mandatoriness for AFDCs at the time of the SWIM demonstration exempted case heads with a child under the age of 6. For this reason, nearly two-thirds of the AFDC caseload was not subject to the SWIM participation requirement. No such exemption existed for AFDC-Us. The AFDC-U sample in SWIM therefore represents the whole of the AFDC-U caseload, and the impacts reported in this chapter may be more readily translated into impacts on that whole caseload.

As in the preceding chapter, emphasis in the impact analysis is on a uniform length of follow-up for all sample members. Also, as before, welfare data extend one quarter longer than employment and earnings. The follow-up period for employment and earnings runs through quarter 9, 2 years after the quarter of random assignment. The follow-up period for welfare runs through quarter 10, 2 1/4 years after the quarter of random assignment.

II. Experience of Controls

The AFDC-U program is often thought of as a program of short-term assistance. Eligibility conditions stipulate that the primary earner in a family applying for AFDC-U must have had some recent labor force attachment. In comparison to AFDC controls, AFDC-U controls did find jobs more readily, but the differences were not as large as might be expected. Earnings were reported for 62 percent of AFDC-U controls at some point during follow-up compared to 51 percent of AFDCs. There was, in addition, a substantial amount of employment instability over the 2 years, and nearly 63 percent of AFDC-U controls were jobless during the final quarter of earnings follow-up, quarter 9. AFDC-U controls received welfare for 15.7 months during follow-up, somewhat less than the 17.9 months for AFDC controls but not as much of a difference as some might expect. About half the cases in the AFDC-U control sample were still receiving welfare payments in quarter 10. This rate was 55 percent for AFDC controls, again a difference, but not a large one.

III. Impacts for the Full AFDC-U Sample

Table 5.1 displays impact estimates for the full AFDC-U registrant sample.[2] This table shows summary estimates for the full follow-up period (quarters 2 through 9 for employment and earnings or 10 for welfare receipt), estimates for the first follow-up year (quarters 2 through 5) and the second (quarters 6 through 9), and detailed quarter-by-quarter estimates.

A. Employment and Earnings

Seventy percent of AFDC-U experimentals found jobs during the 2-year follow-up, a statistically significant increase of 8 percentage points from the control rate of 62 percent. Quarter-by-quarter employment impacts peaked as early as quarter 2, with a 6.5 percentage point increase. Employment impacts were statistically significant for most quarters thereafter, ranging from about 4 to 6 percentage points. The average number of quarters of employment for experimentals increased.

On average, experimentals earned $7,601 over the 2-year follow-up, $954 more than the control-group mean of $6,647, a gain of 14 percent. The effect for year 1 (quarters 2 through 5) was $500 and for year 2 (quarters 6 through 9) was $454. The overall and first-year impacts were statistically significant, but the second-year impact was not. Quarterly earnings increases were mostly between $100 and $150. Aside from the peak in quarter three, these quarter-by-quarter earnings estimates were not generally statistically significant, owing to the smaller size of the AFDC-U sample and the high variance of AFDC-U earnings relative to other outcome variables.

The data suggest that changes in work behavior were complex. Table 5.2 shows the distribution of AFDC-U registrants across earnings brackets during the second year of follow-up. The top panel of this table shows small increases in several of the positive earnings categories, but one of the middle categories shows a small decrease. This indicates that the change in work behavior did not affect all earnings brackets uniformly, that the distribution of earnings may have changed slightly as a result of the program. These effects are small and not statistically significant in the full AFDC-U sample, however. A further analysis requires an investigation of earnings distributions for applicants and recipients and must be deferred until later in this chapter.

[2]Appendix Table D.1 gives the coefficients of the regression model used for computation of AFDC-U impacts.

TABLE 5.1

SWIM

ALL AFDC-U: IMPACTS ON EMPLOYMENT, EARNINGS,
WELFARE RECEIPT, AND WELFARE PAYMENTS

Outcome and Follow-Up Period	Experimentals	Controls	Difference
Ever Employed (%)			
Quarters 2-9	70.3	62.3	+8.1***
Quarters 2-5	58.1	49.5	+8.7***
Quarters 6-9	57.7	51.8	+6.0**
Average Number of Quarters with Employment			
Quarters 2-9	3.17	2.76	+0.41***
Quarters 2-5	1.50	1.28	+0.22***
Quarters 6-9	1.67	1.48	+0.19**
Ever Employed (%)			
Quarter of Random Assignment	38.0	35.6	+2.4
Quarter 2	35.9	29.4	+6.5***
Quarter 3	37.6	31.9	+5.7**
Quarter 4	38.8	32.9	+5.9**
Quarter 5	38.0	33.7	+4.3*
Quarter 6	39.7	36.4	+3.2
Quarter 7	41.9	37.4	+4.5*
Quarter 8	41.4	36.9	+4.4*
Quarter 9	43.7	37.2	+6.5**
Average Total Earnings ($)			
Quarters 2-9	7601	6647	+954*
Quarters 2-5	3307	2806	+500*
Quarters 6-9	4294	3840	+454
Average Total Earnings ($)			
Quarter of Random Assignment	562	537	+24
Quarter 2	662	552	+110
Quarter 3	839	685	+154*
Quarter 4	882	770	+112
Quarter 5	923	799	+124
Quarter 6	939	888	+51
Quarter 7	1073	944	+129
Quarter 8	1124	980	+143
Quarter 9	1159	1029	+130

(continued)

TABLE 5.1 (continued)

Outcome and Follow-Up Period	Experimentals	Controls	Difference
Ever Received Any AFDC Payments (%)			
Quarters 2-10	87.9	88.9	-1.1
Quarters 2-5	86.5	86.8	-0.3
Quarters 6-9	60.5	65.2	-4.7*
Average Number of Months Receiving AFDC Payments			
Quarters 2-10	14.78	15.69	-0.91*
Quarters 2-5	7.58	7.95	-0.36
Quarters 6-9	5.87	6.31	-0.44
Ever Received Any AFDC Payments (%)			
Quarter of Random Assignment	85.8	84.5	+1.3
Quarter 2	83.5	83.9	-0.4
Quarter 3	67.5	71.4	-3.9*
Quarter 4	64.7	67.7	-3.0
Quarter 5	60.3	62.8	-2.6
Quarter 6	54.5	59.2	-4.6*
Quarter 7	52.6	57.5	-4.9*
Quarter 8	51.2	54.1	-2.9
Quarter 9	49.3	50.5	-1.2
Quarter 10	47.4	50.3	-2.9
Average Total AFDC Payments Received ($)			
Quarters 2-10	9682	10783	-1101***
Quarters 2-5	4883	5300	-417**
Quarters 6-9	3897	4448	-551***
Average AFDC Payments Received ($)			
Quarter of Random Assignment	1264	1276	-13
Quarter 2	1422	1469	-48
Quarter 3	1192	1322	-130***
Quarter 4	1167	1281	-114**
Quarter 5	1102	1227	-125**
Quarter 6	1020	1171	-151***
Quarter 7	1008	1131	-123**
Quarter 8	951	1085	-135**
Quarter 9	919	1060	-142***
Quarter 10	902	1035	-133**
Sample Size	687	654	1341

SOURCE AND NOTES: See Table 4.1.

TABLE 5.2

SWIM

ALL AFDC-U: IMPACTS ON DISTRIBUTION OF EARNINGS
DURING SECOND YEAR OF FOLLOW-UP (QUARTERS 6-9)

Outcome	Experimentals	Controls	Difference
Average Total Earnings, Quarters 6-9			
None	42.3%	48.2%	-6.0**
$1 - $1,999	17.4	14.1	+3.3
$2,000 - $4,999	12.4	10.2	+2.1
$5,000 - $9,999	10.7	13.1	-2.5
$10,000 or More	17.3	14.3	+3.0
Total	100.0	100.0	0.0
Average Total Earnings, If Employed, Quarters 6-9[a]			
$1 - $1,999	30.2	27.3	+2.9
$2,000 - $4,999	21.5	19.8	+1.7
$5,000 - $9,999	18.5	25.3	-6.9
$10,000 or More	29.9	27.6	+2.3
Total	100.0	100.0	0.0
Sample Size	687	654	1341

SOURCE AND NOTES: See Table 4.2.

B. Welfare Receipt

Among controls, 89 percent received welfare during follow-up, and there was only a minimal difference for experimentals. Starting with quarter 3, there were reductions in the percent receiving AFDC in a quarter. These effects ran from 3 to 5 percentage points in most quarters but were not large enough to be statistically significant for the majority of quarters. Together, however, they amounted to a statistically significant reduction of almost 1 month on welfare.

Total welfare payments averaged $10,783 per control over the full follow-up period, $9,682 per experimental. The difference is a statistically significant reduction of $1,101 per experimental, a 10 percent savings relative to the control mean. The differences in quarterly grant payments between experimentals and controls increased rapidly in the early quarters. They were sustained over time and were statistically significant through the end of follow-up, with little evidence of decay. Savings were $417 per experimental in year 1 and $551 in year 2 (not counting the saving in the extra quarter 10).

These welfare reductions approximately equaled estimated earnings gains, and this high ratio of welfare savings to earnings gains was more to be expected for AFDC-U registrants than for AFDCs. First, the 100-hour work rule governing grant calculations for AFDC-Us meant that any full-time employment and much part-time employment would automatically terminate aid, regardless of the total amount of earnings. Second, child care allowances, which can offset grant reductions for working AFDC (single-parent) registrants, are generally not received by AFDC-Us (two-parent case heads). Finally, the case closure penalty for noncompliance by AFDC-Us, which was applicable to most SWIM components, may have produced welfare savings, including savings for some cases that experienced no earnings gains. This would have further boosted the welfare savings to earnings gains ratio. One potential contribution to welfare savings can be ruled out, however: Few AFDC-U applicants who reached SWIM orientation were deterred from completing the application process by the prospect of a participation requirement. This finding is indicated by the similar percentage of experimentals and controls who received welfare in quarter 1. Further findings on this form of deterrence are noted in the analysis of the applicant subgroup later in this chapter.

Some additional evidence on the relationship of earnings and AFDC is shown in Table 5.3, which presents the combined employment and welfare receipt status of experimentals and controls for each quarter of follow-up and on average for all quarters. The top panel of the

TABLE 5.3

SWIM

ALL AFDC-U: IMPACTS ON
COMBINED EMPLOYMENT AND WELFARE RECEIPT STATUS

Outcome and Follow-up Period	Experimentals	Controls	Difference
Not Employed, Received AFDC			
Quarter of Random Assignment	56.1%	57.7%	-1.6
Quarter 2	56.2	63.0	-6.8***
Quarter 3	47.5	54.4	-6.9***
Quarter 4	44.3	51.1	-6.8***
Quarter 5	42.2	46.8	-4.6*
Quarter 6	37.8	41.0	-3.3
Quarter 7	34.6	40.3	-5.7**
Quarter 8	33.7	37.7	-4.1
Quarter 9	30.1	36.7	-6.5***
Average Rate, Quarters 2-9	40.8	46.4	-5.6***
Employed, Received AFDC			
Quarter of Random Assignment	29.7	26.8	+2.9
Quarter 2	27.3	21.0	+6.4***
Quarter 3	20.0	16.9	+3.1
Quarter 4	20.4	16.6	+3.8*
Quarter 5	18.1	16.0	+2.1
Quarter 6	16.8	18.1	-1.4
Quarter 7	18.0	17.2	+0.8
Quarter 8	17.6	16.4	+1.2
Quarter 9	19.2	13.8	+5.4***
Average Rate, Quarters 2-9	19.7	17.0	+2.7**
Employed, Did Not Receive AFDC			
Quarter of Random Assignment	8.3	8.8	-0.5
Quarter 2	8.5	8.4	+0.1
Quarter 3	17.5	14.9	+2.6
Quarter 4	18.3	16.3	+2.0
Quarter 5	19.9	17.6	+2.2
Quarter 6	22.9	18.3	+4.6**
Quarter 7	23.9	20.1	+3.8*
Quarter 8	23.8	20.6	+3.3
Quarter 9	24.5	23.4	+1.1
Average Rate, Quarters 2-9	19.9	17.4	+2.5*

(continued)

TABLE 5.3 (continued)

Outcome and Follow-up Period	Experimentals	Controls	Difference
Not Employed, Did Not Receive AFDC			
Quarter of Random Assignment	5.9%	6.7%	-0.8
Quarter 2	8.0	7.7	+0.3
Quarter 3	15.0	13.7	+1.3
Quarter 4	16.9	16.0	+1.0
Quarter 5	19.8	19.5	+0.3
Quarter 6	22.5	22.5	+0.0
Quarter 7	23.5	22.4	+1.2
Quarter 8	25.0	25.3	-0.4
Quarter 9	26.2	26.1	+0.1
Average Rate, Quarters 2-9	19.6	19.2	+0.5
Sample Size	687	654	1341

SOURCE AND NOTES: See Table 4.3.

table shows that the percent not working but receiving welfare was reduced in all quarters after the quarter of random assignment.

The second panel indicates an initial increase in the percent of experimentals versus controls who had earnings and welfare in the same quarter. As happened for AFDCs, this differential gradually decreased as the impacts on earnings for experimentals led to case closures.[3] The third panel shows some increases in the percent with earnings and off welfare. The bottom panel shows that AFDC-U registrants, unlike AFDC registrants, experienced virtually no effects on the number of quarters with neither earnings nor AFDC payments.

IV. How Long Will Impacts Last?

As with the AFDC analysis, two additional quarters of follow-up were available for an early-enrolling sample of AFDC-U registrants. Examination of impacts for this subsample may indicate whether the experimental-control differences will continue into the future. This comparison is problematic for AFDC-U registrants for two reasons. First, there were background differences between the early-enrolling and later-enrolling samples. The earlier sample had a greater percentage of females than the later one, and average pre-program earnings were lower.[4] Second, the smaller size of the AFDC-U registrant sample makes the analysis of subsamples more subject to uncertainty than was the case for AFDC registrants.

Impacts for the early and late enrollees were quite different, making definite conclusions difficult to draw. As shown in Table 5.4, estimates for the early sample reveal relatively large and statistically significant employment impacts that remained approximately stable from quarter 2 on. Earnings gains grew for most of the follow-up, were statistically significant by the second year, and did not reach a peak until the next-to-last quarter. Welfare effects may have shown some decay during the observation period, but the pattern is not clear.

The later-enrolling sample displayed large quarter-to-quarter variation in employment and earnings effects. Total earnings impacts for this group were, however, relatively small and not statistically significant. Welfare savings were also smaller than for the early sample. It

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[3]The sudden increase in the experimental-control difference in quarter 9 is probably an anomaly, although additional follow-up would be needed to determine this definitely.

[4]See Appendix Table A.2. Also note that, although the fraction of the sample that were applicants did not change for early and late AFDC-U enrollees, the share of recipients that were redetermined dropped from about half to about a third.

TABLE 5.4

SWIM

AFDC-U EARLIER AND LATER COHORTS: IMPACTS ON EMPLOYMENT, EARNINGS, WELFARE RECIEPT, AND WELFARE PAYMENTS

Outcome and Follow-Up Period	AFDC-U Earlier Cohort			AFDC-U Later Cohort		
	Experimentals	Controls	Difference	Experimentals	Controls	Difference
Ever Employed (%)						
Quarters 2-11	74.6	66.5	+8.1**	--	--	--
Quarters 2-9	71.3	61.4	+9.9***	69.3	63.2	+6.1*
Quarters 2-5	58.7	49.6	+9.1***	57.5	49.2	+8.3**
Quarters 6-9	59.7	51.2	+8.4**	55.3	52.4	+2.9
Average Number of Quarters with Employment						
Quarters 2-11	4.17	3.46	+0.71***	--	--	--
Quarters 2-9	3.31	2.73	+0.58***	2.98	2.79	+0.19
Quarters 2-5	1.55	1.28	+0.28**	1.42	1.29	+0.13
Quarters 6-9	1.76	1.46	+0.30**	1.56	1.50	+0.05
Ever Employed (%)						
Quarter of Random Assignment	38.5	36.5	+2.0	37.3	34.8	+2.5
Quarter 2	35.8	27.5	+8.3**	35.6	31.8	+3.8
Quarter 3	38.0	32.4	+5.6	36.3	31.9	+4.4
Quarter 4	40.3	33.7	+6.6*	36.5	32.4	+4.1
Quarter 5	41.3	34.2	+7.1**	34.0	33.0	+0.9
Quarter 6	43.2	34.7	+8.5**	35.6	38.2	-2.6
Quarter 7	43.6	34.7	+9.0**	39.9	40.3	-0.4
Quarter 8	43.7	37.7	+6.0*	38.6	36.1	+2.5
Quarter 9	45.5	38.6	+6.9**	41.4	35.6	+5.8
Quarter 10	43.8	37.8	+5.9*	--	--	--
Quarter 11	42.2	34.9	+7.3**	--	--	--
Average Total Earnings ($)						
Quarters 2-11	10226	8436	+1790*	--	--	--
Quarters 2-9	7808	6499	+1309*	7293	6875	+418
Quarters 2-5	3290	2835	+455	3267	2835	+432
Quarters 6-9	4518	3664	+854*	4026	4040	-14
Average Total Earnings ($)						
Quarter of Random Assignment	506	560	-54	632	507	+125
Quarter 2	652	578	+74	654	544	+110
Quarter 3	807	722	+85	858	665	+193
Quarter 4	848	756	+92	910	798	+112
Quarter 5	983	779	+204*	845	828	+17
Quarter 6	1015	811	+204*	842	980	-138
Quarter 7	1059	874	+184	1095	1018	+77
Quarter 8	1189	994	+195	1048	962	+86
Quarter 9	1256	985	+271**	1041	1080	-39
Quarter 10	1253	942	+311**	--	--	--
Quarter 11	1165	995	+169	--	--	--

(continued)

TABLE 5.4 (continued)

Outcome and Follow-Up Period	AFDC-U Earlier Cohort			AFDC-U Later Cohort		
	Experimentals	Controls	Difference	Experimentals	Controls	Difference
Ever Received Any AFDC Payments (%)						
Quarters 2-12	87.7	88.5	-0.8	--	--	--
Quarters 2-10	87.2	87.6	-0.4	88.5	90.7	-2.2
Quarters 2-5	85.9	85.9	+0.1	87.1	88.0	-0.8
Quarters 6-9	58.7	66.1	-7.5**	62.7	64.2	-1.5
Average Number of Months Receiving AFDC Payments						
Quarters 2-12	16.98	18.50	-1.51*	--	--	--
Quarters 2-10	14.45	15.76	-1.31*	15.17	15.62	-0.44
Quarters 2-5	7.46	8.01	-0.55*	7.71	7.89	-0.18
Quarters 6-9	5.71	6.31	-0.60	6.07	6.29	-0.22
Ever Received Any AFDC Payments (%)						
Quarter of Random Assignment	85.7	82.4	+3.4	86.1	86.7	-0.6
Quarter 2	82.7	83.3	-0.7	84.3	84.9	-0.5
Quarter 3	65.3	72.1	-6.8**	69.8	70.6	-0.8
Quarter 4	63.5	68.7	-5.3	66.2	66.8	-0.6
Quarter 5	60.2	63.9	-3.7	60.3	61.8	-1.5
Quarter 6	52.4	59.6	-7.2**	57.2	58.6	-1.4
Quarter 7	51.5	57.1	-5.7	54.1	57.6	-3.5
Quarter 8	50.5	54.3	-3.8	52.4	53.8	-1.4
Quarter 9	47.4	50.8	-3.4	51.7	50.3	+1.4
Quarter 10	45.4	51.0	-5.6	50.1	49.3	+0.8
Quarter 11	43.9	50.1	-6.1*	--	--	--
Quarter 12	44.6	46.7	-2.0	--	--	--
Average Total AFDC Payments Received ($)						
Quarters 2-12	10977	12824	-1848***	--	--	--
Quarters 2-10	9295	10859	-1564***	10123	10721	-598
Quarters 2-5	4750	5350	-600***	5016	5271	-256
Quarters 6-9	3699	4485	-787***	4138	4403	-264
Average AFDC Payments Received ($)						
Quarter of Random Assignment	1265	1254	+11	1260	1303	-44
Quarter 2	1406	1467	-61	1430	1484	-53
Quarter 3	1145	1330	-185***	1238	1325	-87
Quarter 4	1127	1310	-184***	1212	1252	-40
Quarter 5	1073	1243	-170**	1135	1210	-75
Quarter 6	963	1187	-224***	1087	1153	-66
Quarter 7	957	1144	-187**	1068	1117	-50
Quarter 8	912	1086	-174**	1001	1082	-81
Quarter 9	866	1069	-202***	983	1050	-68
Quarter 10	846	1023	-177**	969	1047	-78
Quarter 11	838	989	-151**	--	--	--
Quarter 12	843	976	-133*	--	--	--
Sample Size	375	348	723	312	306	618

SOURCE AND NOTES: See Table 4.4.

therefore appears likely that the overall longer-term pattern of impacts for the combined early and later AFDC-U samples will be established much more by the early sample than by the later sample. Given the uncertainties, caution in drawing conclusions is obviously appropriate, but the evidence does not suggest that impacts for AFDC-U registrants will decay much faster than impacts for AFDC registrants.

V. Applicants and Recipients

Table 5.5 presents impacts separately for AFDC-U applicants and recipients. As with the comparison of early and late enrollees, the smaller size of the AFDC-U sample reduces the depth of analysis for applicant and recipient subsamples and necessitates additional caution in drawing firm conclusions.

Approximately 60 percent of the AFDC-Us were applicants and 40 percent were recipients. As was the case for the AFDC registrants, the AFDC-U applicants were generally more employable and less dependent than recipients. This can be seen from the higher levels of employment and earnings and lower prevalence of welfare and average welfare payments among applicant controls compared to recipient controls. The propensity of applicants and recipients to remain on welfare was not much different for AFDC and AFDC-U samples. For AFDC controls, applicants received welfare in 13.9 months of the follow-up; AFDC-U applicant controls received welfare for 12.9 months. The figures for recipient controls were 20.5 for AFDCs and 19.8 for AFDC-Us.

As was also the case for AFDC registrants, the higher level of dependency of the AFDC-U recipients did not mean that SWIM could not have an impact on them. Statistically significant increases were found for recipients in the number of experimentals who found jobs, the number of quarters of employment, and in several of the quarterly employment rates. Earnings gains were not statistically significant, given the reduced sample size for subgroup analysis. Welfare reductions were also found, with statistically significant decreases in the number of months on welfare, average total welfare payments, and quarter-by-quarter payments. In all, welfare payments were reduced from $14,699 per recipient control to $12,884 per experimental, a saving of $1,815, equal to 12 percent of the control group mean. Even excluding the extra (tenth) welfare quarter, this effect was more than twice as great as the $708 earnings increase.

Estimated effects for applicants were generally not statistically significant, owing to sample

TABLE 5.5

SWIM

AFDC-U APPLICANTS AND RECIPIENTS: IMPACTS ON EMPLOYMENT, EARNINGS, WELFARE RECEIPT, AND WELFARE PAYMENTS

Outcome and Follow-Up Period	AFDC-U Applicants[a]			AFDC-U Recipients[a]		
	Experimentals	Controls	Difference	Experimentals	Controls	Difference
Ever Employed (%)						
Quarters 2-9	76.1	72.3	+3.8	61.8	47.5	+14.3***
Quarters 2-5	64.3	59.2	+5.1	48.7	35.2	+13.5***
Quarters 6-9	62.6	58.2	+4.4	50.3	42.4	+8.0*
Average Number of Quarters with Employment						
Quarters 2-9	3.52	3.21	+0.32	2.62	2.11	+0.50**
Quarters 2-5	1.72	1.54	+0.18*	1.17	0.90	+0.27**
Quarters 6-9	1.81	1.67	+0.14	1.45	1.21	+0.24*
Ever Employed (%)						
Quarter of Random Assignment	47.4	45.3	+2.1	23.9	21.7	+2.2
Quarter 2	40.5	37.4	+3.1	27.9	18.3	+9.6***
Quarter 3	43.9	39.5	+4.4	27.6	21.0	+6.5*
Quarter 4	44.3	38.9	+5.3	30.7	23.8	+6.9*
Quarter 5	42.9	38.1	+4.9	30.7	27.3	+3.5
Quarter 6	44.1	40.4	+3.7	33.0	31.0	+2.0
Quarter 7	44.7	41.5	+3.2	37.4	31.4	+6.0
Quarter 8	43.6	41.1	+2.5	37.8	31.0	+6.8*
Quarter 9	48.3	43.7	+4.6	36.6	27.7	+8.9**
Average Total Earnings ($)						
Quarters 2-9	9514	8413	+1100	4781	4073	+708
Quarters 2-5	4283	3689	+595	1858	1533	+325
Quarters 6-9	5231	4725	+506	2923	2540	+383
Average Total Earnings ($)						
Quarter of Random Assignment	783	774	+8	240	183	+57
Quarter 2	870	742	+127	353	280	+73
Quarter 3	1119	936	+183	426	321	+105
Quarter 4	1132	1010	+122	514	417	+97
Quarter 5	1162	1000	+162	566	515	+50
Quarter 6	1159	1093	+66	613	589	+23
Quarter 7	1297	1156	+140	746	630	+115
Quarter 8	1358	1203	+155	783	649	+134
Quarter 9	1417	1272	+145	781	671	+111

(continued)

TABLE 5.5 (continued)

Outcome and Follow-Up Period	AFDC-U Applicants[a]			AFDC-U Recipients[a]		
	Experimentals	Controls	Difference	Experimentals	Controls	Difference
Ever Received Any AFDC Payments (%)						
Quarters 2-10	82.8	85.3	-2.5	95.0	94.6	+0.4
Quarters 2-5	81.4	82.0	-0.5	93.7	94.2	-0.6
Quarters 6-9	51.3	58.2	-6.9**	73.3	76.0	-2.7
Average Number of Months Receiving AFDC Payments						
Quarters 2-10	12.27	12.94	-0.68	18.42	19.82	-1.40*
Quarters 2-5	6.36	6.56	-0.20	9.34	10.05	-0.70**
Quarters 6-9	4.76	5.21	-0.45	7.46	7.94	-0.48
Ever Received Any AFDC Payments (%)						
Quarter of Random Assignment	78.4	76.0	+2.4	96.4	97.4	-1.0
Quarter 2	77.8	77.5	+0.3	91.6	93.8	-2.3
Quarter 3	57.5	59.2	-1.7	81.9	89.5	-7.6***
Quarter 4	54.2	56.4	-2.2	80.0	85.0	-5.0
Quarter 5	49.7	52.5	-2.8	75.4	78.4	-3.1
Quarter 6	44.6	50.2	-5.6*	68.8	72.9	-4.1
Quarter 7	43.1	48.6	-5.5	66.1	70.8	-4.7
Quarter 8	42.1	46.6	-4.5	64.4	65.3	-0.9
Quarter 9	40.9	42.1	-1.2	61.4	63.2	-1.7
Quarter 10	40.6	42.3	-1.7	57.5	62.1	-4.7
Average Total AFDC Payments Received ($)						
Quarters 2-10	7515	8136	-621	12884	14699	-1815***
Quarters 2-5	3735	3952	-217	6565	7307	-742***
Quarters 6-9	3029	3390	-361	5187	6004	-818**
Average AFDC Payments Received ($)						
Quarter of Random Assignment	789	814	-26	1957	1960	-3
Quarter 2	1135	1145	-10	1840	1952	-112**
Quarter 3	894	950	-56	1632	1875	-243***
Quarter 4	879	933	-53	1592	1799	-207***
Quarter 5	827	924	-97	1501	1681	-180**
Quarter 6	776	883	-107	1379	1597	-218**
Quarter 7	778	854	-77	1352	1536	-184**
Quarter 8	745	839	-94	1258	1446	-188**
Quarter 9	731	814	-83	1197	1425	-228**
Quarter 10	751	794	-43	1132	1388	-256***
Sample Size	399	399	798	288	255	543

SOURCE AND NOTES: See Table 4.5.

size. Interestingly, however, the estimated employment increases for applicants were smaller than for recipients, but their earnings gains were somewhat larger.[5] This suggests different effects on the distribution of earnings for AFDC-U applicants and recipients. Table 5.6 shows program effects on the distribution of earnings for AFDC-U applicants and recipients during the second follow-up year. Applicants showed an increase in the top earnings bracket ($10,000 or more) and a decrease in the bracket just below the top ($5,000-$9,999). In contrast, most of the increase in employment for recipients appeared in the lowest positive earnings bracket ($1-$1,999). There was virtually no change in the percent of recipients in the higher earnings brackets. This concentration of impacts in the bottom earnings bracket indicates that much of the increase in employment for AFDC-U recipients was in part-time or low-wage jobs or in jobs that did not last long. The result thus illustrates the importance of these dimensions of "job quality" -- in addition to the simple number of job entries -- in determining the long-term program impact on earnings.

Welfare savings for AFDC-U applicants were smaller than for recipients and were not statistically significant. Similar numbers of experimental and control applicants received AFDC during the first follow-up year. There was, however, a small reduction of 2.5 percentage points in the percent of AFDC-U applicants who ever received any welfare payment during follow-up. It suggests that a few applicants who were not approved for aid at the start may have been deterred from applying a year later by the prospect of a participation requirement. The effect was not statistically significant, however; nor was it large.

VI. Comparison of SWIM to the Prior San Diego Demonstration

Few experimental studies of employment programs for AFDC-Us exist for comparison. Nonexperimental evaluations of CETA programs, which were not mandatory, suggest that male participants did not show earnings gains as large as females, but the reliability of these findings

[5]Tests were performed on the differences in impacts between applicants and recipients for year 1, year 2, and the full follow-up. The only statistically significant differences were for "ever employed" for year 1 and the full follow-up, and for welfare payments in year 1. Since most differences between impacts for applicants and recipients were not statistically significant (i.e., they may well have stemmed from chance), generalizations to other samples cannot be made confidently. However, they are still a true description of the behavior of *this particular sample* of applicants and recipients.

TABLE 5.6

SWIM

AFDC-U APPLICANTS AND RECIPIENTS: IMPACTS ON DISTRIBUTION OF EARNINGS
DURING SECOND YEAR OF FOLLOW-UP (QUARTERS 6-9)

Outcome	AFDC-U Applicants[a]			AFDC-U Recipients[a]		
	Experimentals	Controls	Difference	Experimentals	Controls	Difference
Average Total Earnings, Quarters 6-9						
None	37.4%	41.8%	-4.4	49.7%	57.6%	-8.0*
$1 - $1,999	16.6	14.8	+1.8	18.5	13.2	+5.3*
$2,000 - $4,999	11.8	10.0	+1.9	12.8	11.0	+1.8
$5,000 - $9,999	12.2	16.4	-4.1*	8.5	8.0	+0.5
$10,000 or More	22.0	17.1	+4.8*	10.5	10.1	+0.4
Total	100.0	100.0	0.0	100.0	100.0	0.0
Average Total Earnings, If Employed, Quarters 6-9[b]						
$1 - $1,999	26.5	25.4	+1.1	36.8	31.2	+5.6
$2,000 - $4,999	18.9	17.1	+1.8	25.4	26.1	-0.7
$5,000 - $9,999	19.5	28.1	-8.6	17.0	18.9	-1.9
$10,000 or More	35.1	29.4	+5.7	20.8	23.9	-3.1
Total	100.0	100.0	0.0	100.0	100.0	0.0
Sample Size	399	399	798	288	255	543

SOURCE AND NOTES: See Table 4.6.

has recently been called into question.[6] It is difficult to compare the effects of SWIM on AFDC-Us with those of EPP/EWEP, the earlier experimental demonstration of job search and work experience in San Diego, which served AFDC-U applicants. This is because of the several differences between the two demonstrations noted in Chapter 4 and because the number of AFDC-U applicants in the SWIM sample is relatively small, reducing the statistical reliability of any comparison of applicants with applicants. While SWIM appears to have greater AFDC-U earnings impacts and smaller welfare savings for applicants in the short run, all the difficulties noted make this an extremely uncertain conclusion.

[6]See, for example, Burt S. Barnow, "The Impact of CETA Programs on Earnings," *Journal of Human Resources*, Vol. 22, No. 2, Spring 1987, pp. 157-193, especially pp. 159 and 189.

CHAPTER 6

BENEFIT-COST ANALYSIS

This chapter provides a benefit-cost analysis of the SWIM program. It draws on information presented in Chapters 3-5, as well as other data, to give as comprehensive an account as possible. The benefits and costs are assessed from the perspectives of the groups most directly affected: taxpayers, welfare recipients, and society as a whole. Effects on government budgets are also assessed.

The analysis has a number of elements. The first section describes its scope and the framework used. The next two sections examine the benefit components for the entire research sample and, separately, for applicants and recipients. In similar fashion, the fourth and fifth sections examine each cost component. The last two sections aggregate the benefits and costs from the perspectives listed above and then present results for all sample members and applicant and recipient subgroups.

As is usual with such analyses, certain benefits and costs cannot be quantified, and long-run effects cannot be gauged precisely. However, the analysis contains sufficient data to provide a clear view of SWIM's relative effectiveness, which is summarized in the concluding section.

I. Analytical Approach

This assessment uses the same analytical approach followed in MDRC's previous evaluations of welfare employment programs,[1] although it introduces additional distinctions due to the complexity of the SWIM program. The analysis places dollar values on both the program's effects and its use of resources. The effects and uses to be considered are shown in Table 6.1, which also indicates the major perspectives from which they are valued and the data sources used in making the estimates.

The measurable program effects include the impacts on earnings and welfare receipt discussed in Chapters 4 and 5, as well as effects on tax payments, Unemployment Insurance compensation, Medi-Cal payments, Food Stamps, transfer program administrative costs, and the

[1]Many of the techniques were developed for the evaluations of state programs in MDRC's Demonstration of State Work/Welfare Initiatives. See Long and Knox, 1985, for additional information.

TABLE 6.1

SWIM

EXPECTED EFFECTS FOR COMPONENTS OF THE BENEFIT-COST ANALYSIS,
BY ACCOUNTING PERSPECTIVE, WITH DATA SOURCES

Component of Analysis	Accounting Perspective				Data Source
	Welfare Sample	Budget	Taxpayer	Society	
Increased Earnings and Fringe Benefits	+	0	-	0	Unemployment Insurance Records, Published Data
Output Produced by Participants					
EWEP	0	0	+	+	Worksite Supervisor Interviews
Employment	0	0	+	+	Unemployment Insurance Records
Increased Tax Payments					
Payroll Taxes	-	+	+	0	Unemployment Insurance Records, Published Data
Income and Sales Taxes	-	+	+	0	Unemployment Insurance Records, Published Data
Reduced Use of Transfer Programs					
AFDC Payments	-	+	+	0	AFDC Records
Payments from Other Programs	-	+	+	0	AFDC Records, Unemployment Insurance Records, Published Data
AFDC Administrative Costs	0	+	+	+	AFDC Records, Published Data
Administrative Costs of Other Programs	0	+	+	+	Published Data
SWIM Operating Costs	0	-	-	-	Fiscal Records, Program Tracking System, Staff Interviews
Support Service and Allowance Costs	+	-	-	0	Employment Development Department Participant Cost Data, Fiscal Records
Use of Community Education and Training Programs	0	-	-	-	San Diego Community College District Student Information System, San Diego County JTPA Management Information System, Fiscal Records

(continued)

TABLE 6.1 (continued)

Component of Analysis	Accounting Perspective				Data Source
	Welfare Sample	Budget	Taxpayer	Society	
Estimated GAIN Costs	0	-	-	-	SWIM Fiscal Records, Program Tracking System, Staff Interviews; GAIN Casefile Records
Value of Education Not Reflected in Earnings	+	0	+	+	Not Measured
Preference for Work over Welfare	+	0	+	+	Not Measured
Foregone Personal and Family Activities	-	0	0	-	Not Measured

NOTE: The components are shown as an expected benefit (+), cost (-), or neither a benefit nor a cost (0), according to a priori expectations regarding their value. The budget perspective includes federal, state, and local government budgets.

value of labor services provided in SWIM work experience. As with the earnings and welfare impacts, estimates for these other effects represent our best assessment of the net effects of the SWIM program -- i.e., of the experimental-control differences in these outcomes.

The resources considered in the analysis include all expenditures (regardless of funding source) on the operation and management of SWIM, support services and payments to program participants, and the use of community programs.[2] Funding came primarily from the Employment Preparation Program (EPP), WIN, and special federal demonstration program funds, but JTPA and other sources were also used.[3] In addition, the use of community education and training services by both experimentals and controls -- which, as indicated in Chapter 3, was substantial -- are taken into account. Thus, the cost estimates ultimately produced by this analysis reflect the net use of resources by members of the experimental group (i.e., resource use by experimentals beyond what was used by the control group) in the same way that the benefit estimates reflect net program impacts.

Whether a given program effect or use of resources is a benefit or a cost depends on what is actually measured and the analytical perspective that is taken. Each of the pluses and minuses shown in Table 6.1 reflects the expected benefit or cost status of an item, but the actual result may be (and, as reported below, sometimes is) different. Once measured, particular effects or expenditures will constitute benefits or costs, or be irrelevant, depending on which of the analytical perspectives -- welfare applicants and recipients, taxpayers, or society -- is considered. The perspective of welfare applicants and recipients identifies benefits and costs for members of the experimental group, indicating how they fared as a result of the program. The taxpayer perspective, on the other hand, identifies benefits and costs from the standpoint of everyone in society other than individuals in the welfare sample. For example, if a reduction in AFDC use were found, that effect would translate into a loss for the welfare sample and a corresponding benefit for taxpayers.[4]

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[2]In addition, the costs of providing GAIN services to some SWIM registrants are taken into account.

[3]Demonstration funds (under Title IV-A, Section 1115 of the Social Security Act) were granted to the State Department of Social Services by the U.S. Department of Health and Human Services. JTPA funds were used to pay for one education activity and to supplement the cost of ISESA.

[4]Note that the welfare sample's use of community education and training programs is considered to be a cost from the point of view of taxpayers. In and of themselves, these programs are not considered to be a measured gain to applicants and recipients in the analysis because the effects of such programs should appear in individuals' earnings. This effect was evident in the impact results for the Options program in Baltimore, which included an education component. The bulk of earnings impacts occurred

(continued...)

The taxpayer and welfare applicant/recipient perspectives in Table 6.1 together constitute the social perspective. Thus, benefit and cost results for the two groups are added together to obtain results for society. In the example of the AFDC reduction, the loss for one group is exactly offset by a gain for the other, so this transfer of money results in no net social gain or loss. In general, this perspective indicates whether the SWIM investment was more efficient than a simple transfer program, where certain groups gain at the expense of others.

Within the taxpayer group, other points of view can be considered. One of these -- that of government budgets -- is shown in the table and is examined throughout the analysis. This perspective measures the overall net effect of the program on federal, state, and local budgets.

Finally, all analyses are done separately for AFDC and AFDC-U registrants. This is because the two groups of registrants exhibit different welfare and employment behavior, as noted earlier in the report:

The final benefit-cost estimates for SWIM cover a 5-year time horizon from the point individuals entered the research sample in 1985 or 1986. Data are available for only part of this time span -- the observation period -- which generally lasted about 2 to 3 years, but varied in length according to the type of data and the time someone entered the sample. (See Table 2.3 in Chapter 2.) As a result, program effects beyond this time will be projected over the remainder of the 5-year period, using several assumptions. Program resources were generally used during the observation period, so cost projections are not necessary. All final estimates are discounted -- for both inflation and forgone investment -- to reflect 1986 dollars.

II. Program Effects (Benefits) for the Full Sample

A. Earnings and Output

The SWIM program led to increased work by both AFDC and AFDC-U welfare recipients -- in regular employment as well as in the program's work experience component (EWEP) -- and thus to increased output in the San Diego economy. The regular jobs obtained by registrants provided earnings and fringe benefits which, as expected, proved to be registrants' principal benefit from SWIM. Because no wages or fringe benefits were provided in the EWEP positions, the full

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[4](...continued)
during the second and third follow-up years and were expected to continue into the fourth year -- way beyond the point where most sample members had left the program. (See Friedlander, 1987)

value of that output went to the public and nonprofit agencies that employed SWIM participants, and thus to taxpayers as well.

As discussed in Chapters 4 and 5, SWIM experimentals showed a sustained increase in earnings over the level received by the control group. As shown in Table 6.2, the value of the increase through the entire observation period was $1,053 per AFDC experimental and $1,260 per AFDC-U experimental. Fringe benefits associated with these earnings were valued at $126 per AFDC experimental and $151 per AFDC-U experimental. These estimates, unlike those presented in Chapters 4 and 5, cover the entire observation period, not just the 9-quarter follow-up period common to all sample members. As much as 12 quarters of earnings follow-up data were available for early-registering sample members. In addition, earnings are valued in 1986 dollars in this analysis.

Under standard economic assumptions, the compensation paid in regular employment reflects the value of employees' output to employers and hence to society in general. However, this does not apply to SWIM work experience because employers paid nothing. The value of the output produced in EWEP assignments is treated here as the full compensation employers would normally have to pay for the same output.[5]

This cost was estimated using information collected in interviews with worksite supervisors. The productivity of EWEP participants compared to employers' regular employees (estimated by supervisors as about equal, on average) was multiplied by the number of hours they worked to determine the time it would take regular workers to produce the same output. This was then multiplied by the appropriate hourly and fringe benefit rates.[6]

The results indicate that the work experience positions provided not only job experience to EWEP participants, but also approximately $187 worth of services per AFDC experimental and services valued at $275 per AFDC-U experimental to community agencies during the 27 months that SWIM operated. This figure reflects an estimated output value of $893 per AFDC experimental who actually participated in EWEP and an output value of $1,388 per AFDC-U work experience participant in the experimental group. (AFDC-U work experience participants

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[5]In the work experience assignments, worksite supervisors indicated that the work done by EWEP participants was usually important to their agency, indicating that the value of their work was much greater than zero, although probably less than the full compensation level. For additional discussion, see Kemper and Long, 1981.

[6]For work experience positions, the wage and fringe benefit rates used were what the employer would have paid a regular worker in that position.

TABLE 6.2

SWIM

ESTIMATED EXPERIMENTAL-CONTROL DIFFERENCES IN EARNINGS, FRINGE BENEFITS, AND PERSONAL TAXES PER EXPERIMENTAL FOR THE OBSERVATION PERIOD, BY ASSISTANCE CATEGORY

Component of Analysis	AFDC	AFDC-U
Earnings	$1053	$1260
Fringe Benefits	126	151
Personal Taxes		
Social Security Payroll Tax	76	91
Federal Income Tax	-36	56
State Income Tax	6	9
State Sales and Excise Tax	-1	3
Total	45	160
Sample Size	3211	1341

SOURCE: MDRC calculations from the State of California Unemployment Insurance earnings records and from published data on tax rates and employee benefits.

NOTES: Results are expressed in 1986 dollars. Differences are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members. Because of rounding, detail may not sum to totals.

The end of the observation period was June 1988 for Unemployment Insurance earnings records and taxes.

worked more hours because of their typically higher welfare grants, and they were placed in jobs that on average paid wages at higher rates.)

B. Tax Payments

Since SWIM produced an increase in earnings, there were corresponding effects on federal and state income taxes, payroll taxes, and state sales and excise taxes. The appropriate tax rates and rules were applied to impute taxes from earnings and other income.[7] The estimated increases in taxes paid by sample members during the observation period are shown in Table 6.2. Total taxes increased by $45 per AFDC experimental and by $160 per AFDC-U experimental. Social Security payroll taxes accounted for most of the tax increase for AFDC experimentals; federal income taxes as well as Social Security payroll taxes accounted for most of the AFDC-U experimentals' increase in tax payments.[8]

In addition, employers paid both Social Security and Unemployment Insurance payroll taxes on the increased earnings of the experimental group. The respective increases in these taxes were estimated as $91 per AFDC experimental and $108 per AFDC-U experimental (not shown in the table).

C. Transfer Payments

As described in Chapters 4 and 5, SWIM resulted in decreases in the AFDC payments received by both AFDC and AFDC-U experimentals over the course of the follow-up period. Receipt of Unemployment Insurance compensation, Medi-Cal, and Food Stamps were also affected by SWIM, so the effects on these transfer programs are included in the benefit-cost analysis as well.

The experimental-control difference in AFDC payment receipt was calculated from AFDC records, as in Chapters 4 and 5. However, the estimate of this difference shown in Table 6.3

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[7]Experimental-control differences in total earnings were used in computing payroll taxes; differences in earnings and applicable Unemployment Insurance compensation over a base amount were used in calculating income taxes; and differences in the combined income from earnings, AFDC payments, and Unemployment Insurance compensation were used in calculating sales and excise taxes.

The estimation of federal and state taxes used 1986 tax rates and exemptions for 1985 and 1986 earnings, and 1988 tax rates for earnings in the remainder of the observation period and for the projection period, since most of the post-observation period falls under the newer tax laws.

[8]As shown in Table 6.2, the application of federal income tax regulations resulted in AFDC experimentals paying *lower* taxes than their control counterparts. This is due to experimentals' eligibility for the federal earned income tax credit (EITC). Families with annual earnings lower than a fixed amount can receive the EITC; those with no earnings or with earnings above the limit are not eligible. For the purpose of this analysis, all sample members whose annual incomes qualified them for the EITC were assumed to have received it.

TABLE 6.3

SWIM

ESTIMATED EXPERIMENTAL-CONTROL DIFFERENCES IN TRANSFER PAYMENTS AND ADMINISTRATIVE COSTS PER EXPERIMENTAL FOR THE OBSERVATION PERIOD, BY ASSISTANCE CATEGORY

Type of Payment or Cost	AFDC	AFDC-U
Transfer Payments		
AFDC	$-1246	$-1176
Unemployment Insurance Compensation	0	-21
Medi-Cal	-231	-209
Food Stamps	90	103
Total	-1387	-1303
Administrative Costs		
AFDC	-13	-9
Unemployment Insurance Compensation	0	-2
Medi-Cal	-16	-15
Food Stamps	0	1
Total	-29	-25
Sample Size	3211	1341

SOURCE: MDRC calculations from AFDC payments records, the State of California Unemployment Insurance earnings and benefits records, and published data on transfer program administrative costs.

NOTES: Results are expressed in 1986 dollars. Differences are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members. Because of rounding, detail may not sum to totals.

The end of the observation period was October 1988 for AFDC payments records, November 1988 for Unemployment Insurance benefits records, and June 1988 for Unemployment Insurance earnings records, Medi-Cal, and Food Stamps.

covers the entire observation period, not just the 10-quarter follow-up period common to all sample members that was used in the impact analysis. As much as 13 quarters of AFDC data was available for early-registering sample members. In addition, as noted earlier, all benefits and costs in this analysis, unlike the impact analysis, are valued in 1986 dollars.

Differences in unemployment compensation were measured using Unemployment Insurance records data. The overall experimental-control difference reported in Table 6.3 indicates no reduction in payments to AFDC experimentals and only a slight reduction for AFDC-U experimentals during the observation period.

Program effects on the use of Medi-Cal and Food Stamps were estimated using several sources of information. Differences in Medi-Cal were imputed on the basis of observed differences in AFDC receipt, rules governing Medi-Cal eligibility, and average Medi-Cal payments made to eligible individuals. An individual on AFDC is automatically entitled to receive Medi-Cal, and under certain circumstances is eligible for a specified period of time after leaving the rolls.[9] Given this, an experimental-control difference in the number of months of Medi-Cal eligibility was estimated and then multiplied by the average Medi-Cal monthly payment ($59 per AFDC case member in San Diego during 1986[10]) to determine the average SWIM effect on Medi-Cal payments. Differences in Food Stamps have been imputed on the basis of total measured household income -- including earnings, AFDC, and Unemployment Insurance compensation -- and the earnings disregard and medical deductions used in determining program eligibility and benefits.[11]

As indicated in Table 6.3, the program resulted in an overall decrease in the value of regular

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[9]States provide 9 months of Medicaid or Medi-Cal coverage to former AFDC recipients who lose their AFDC eligibility due to termination of the earnings disregard (i.e., the portion of earnings that had previously been excluded from the AFDC benefit calculation as an employment incentive). Four-month coverage is provided to individuals who leave the AFDC rolls due to increased earnings or hours of employment without the loss of the earnings disregard.

[10]Data used to calculate the average value of Medi-Cal payments for AFDC recipients were 1986 figures obtained from the Medical Care Statistics Section of the California State Department of Health Services.

[11]Food Stamps regulations dictate eligibility and benefit levels based on household income, where deductions are allowed for out-of-pocket work-related expenses such as child care, medical expenses, and shelter costs. Within the constraints of available data, estimates of the value of Food Stamps have been made using U.S. Department of Agriculture procedures for calculating total income and total allowable deductions. Some of the data used in making these calculations were provided by the Statistical Services Department of the California Department of Social Services. It has been assumed that 71.6 percent of AFDC recipients actually receive Food Stamps, based on Government Accounting Office figures for the State of California, published in February 1988.

transfer payments received by the experimental group during the observation period. This amounted to $1,387 for AFDC experimentals and $1,303 for AFDC-U experimentals. These results reflect reductions in AFDC and Medi-Cal payments for both AFDC and AFDC-U experimentals, and a slight decrease in Unemployment Insurance compensation for AFDC-U experimentals. There were net increases in Food Stamps, however, which partly offset the AFDC and Medi-Cal reductions.

There was a slight decrease in estimated administrative costs for transfer programs during the observation period, primarily due to reduced use of Medi-Cal and AFDC. The SWIM effects on transfer program administrative expenditures were estimated based on differences in use of the transfers and on information about state and federal program costs.[12]

D. Future Effects

Thus far only program effects during the observation period -- which, as noted, lasted about 2 to 3 years -- have been considered. However, these effects almost certainly will last beyond this period, an expectation that should be taken into account in the analysis. Effects are consequently projected for each sample member beyond what was actually observed, so that the measured and projected effects together cover 5 years from the time an individual entered the sample. The average length of the projection period is generally 2 to 3 years, but it varies by sample member. For example, if the observation period for an individual's earnings is as little as 2 years, the projection period is 3 years.

Projecting program effects entails selecting a base period estimate and then making an assumption about how it will change in the future. In this evaluation, the base period used is the last four quarters of the observation period. Due to uncertainties regarding the rate at which

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[12]The state administrative costs of AFDC and Food Stamps were estimated as the product of the estimated per capita costs of administering these programs for each month during fiscal year 1986 and experimental-control differences in the number of months of eligibility. Data for estimating the monthly administrative costs of AFDC and Food Stamps were obtained from cost comparison reports for FY 86 from the California Department of Social Services. State administrative costs of Medi-Cal were estimated using the same methodology, but were based on calendar year 1986. Administrative cost data used for Medi-Cal estimates came from medical care statistics maintained by the California Department of Health Services. Federal administrative costs for each of these transfer programs were estimated on the basis of the ratio of total federal administrative expenditures to total transfer payments. Unemployment Insurance compensation administrative costs were estimated by multiplying the experimental-control differences in the average value of compensation payments received by the ratio of combined state and federal administrative costs to total benefits during fiscal or calendar year 1986. Data on state costs were obtained from the California Employment Development Department; federal costs were obtained through the regional office of the Department of Labor.

differences observed during these last four quarters are likely to decay over the course of the projection period, a range of program effects is presented, using two decay assumptions. One reasonable assumption is that the experimental-control difference will continue unchanged during the projection period. Earlier studies of employment programs for welfare recipients have documented such a pattern and, in some cases, have indicated that program effects can actually increase over time.[13] Yet other studies suggest that program impacts decline with time. For example, a national study of the WIN program found that earnings effects decayed at a rate of 22 percent annually for female sample members.[14] Using this evidence, the alternative assumption applies a decay rate of 22 percent.

The resulting estimates are presented in Table 6.4. The values of all program effects -- both observed and projected -- have been adjusted for inflation and discounted at a 5 percent real annual rate to reflect 1986 dollars. As can be seen in the table, the projected portion of all the effects generally accounts for approximately half the estimated 5-year effects, and thus are subject to some uncertainty. Findings reported in the table also indicate, however, that the rate at which program impacts are assumed to decay does not have much of an effect on the results: The range of benefits, reflecting two assumed decay rates, is quite narrow.

Although these long-term projections utilize additional data and project observed data into the future, they do not change the basic impact conclusions presented in Chapters 4 and 5: SWIM produced consistent gains in employment and earnings, and reductions in welfare payments, for both AFDC and AFDC-U registrants.

III. Program Effects (Benefits) for Applicants and Recipients

As discussed in Chapters 4 and 5, SWIM's impacts differed for applicants and recipients. Thus benefits differ as well. Calculated benefits for AFDC and AFDC-U experimentals are shown in Tables 6.5 and 6.6. Although the results in the tables reflect the use of additional data and future projections, the basic conclusions mirror those presented in the previous two chapters.

As shown in Table 6.5, AFDC recipients had substantially higher earnings and fringe benefits

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[13]For examples, see the evaluation of the National Supported Work Demonstration (Masters and Maynard, 1981), the evaluation of a WIN job search program in Louisville, Kentucky (Wolfhagen, 1983), the evaluation of longer-term impacts of Options, a welfare employment program in Baltimore, Maryland (Friedlander, 1987), and the evaluation of longer-term impacts of the Arkansas WORK Program (Friedlander and Goldman, 1988).

[14]See Ketron, Inc., 1980.

TABLE 6.4

SWIM

ESTIMATED BENEFITS DURING THE OBSERVATION PERIOD,
PROJECTION PERIOD, AND OVER 5 YEARS AFTER RANDOM ASSIGNMENT,
PER EXPERIMENTAL, BY ASSISTANCE CATEGORY

Benefit Variable	Observation Period[a]	Projection Period		5-Year Total (Observed Plus Projected)
		Projection Base[b]	Projected Amount	
AFDC				
Earnings	$1053	$137	$937 to 1218	$1990 to 2271
Fringe Benefits	126	16	112 to 146	239 to 272
Payroll Taxes				
Employee Portion	76	10	67 to 88	143 to 163
Employer Portion	91	12	80 to 105	171 to 195
Income and Sales Taxes	-31	-4	-27 to -35	-58 to -66
AFDC Payments	-1246	-119	-662 to -818	-1908 to -2064
Other Transfer Payments	-141	-20	-127 to -161	-268 to -302
Transfer Program Administration	-29	-3	-20 to -25	-49 to -54
AFDC-U				
Earnings	1260	131	742 to 913	2003 to 2173
Fringe Benefits	151	16	89 to 110	240 to 261
Payroll Taxes				
Employee Portion	91	10	54 to 67	145 to 157
Employer Portion	108	11	65 to 79	173 to 188
Income and Sales Taxes	69	7	40 to 49	109 to 118
AFDC Payments	-1176	-108	-627 to -781	-1802 to -1957
Other Transfer Payments	-127	-20	-145 to -190	-272 to -317
Transfer Program Administration	-25	-3	-19 to -25	-45 to - 50

SOURCE: MDRC calculations from the State of California Unemployment Insurance earnings and benefits records; AFDC payments records; published data on transfer program administrative costs, tax rates, and employee fringe benefits.

NOTES: Results are expressed in 1986 dollars. Because of rounding, detail may not sum to totals.

[a]The end of the observation period was October 1988 for AFDC payments records, November 1988 for Unemployment Insurance benefits records, and June 1988 for Unemployment Insurance earnings records, Medi-Cal, and Food Stamps.

[b]The projection base period is a quarterly average of the last four quarters of available follow-up for an individual. Program effects observed during this base period are multiplied by a projection factor to estimate benefits from the end of the observation period to 5 years from the point of random assignment. The first number of each range assumes that program effects decline by 22 percent per year during the projection period; the second number assumes that the most recent program effects continue for the remainder of the 5 year period.

TABLE 6.5

SWIM

AFDC: ESTIMATED BENEFITS DURING THE OBSERVATION PERIOD, PROJECTION PERIOD, AND OVER 5 YEARS AFTER RANDOM ASSIGNMENT, PER EXPERIMENTAL, BY WELFARE STATUS

Benefit Variable	Observation Period[a]	Projection Period		5-Year Total (Observed Plus Projected)
		Projection Base[b]	Projected Amount	
Applicants				
Earnings	$541	$50	$417 to 568	$959 to 1110
Fringe Benefits	65	6	50 to 68	115 to 133
Payroll Taxes				
Employee Portion	37	3	28 to 39	66 to 76
Employer Portion	45	4	34 to 47	79 to 92
Income and Sales Taxes	19	-3	-14 to -16	5 to 3
AFDC Payments	-1051	-99	-550 to -678	-1600 to -1728
Other Transfer Payments	-197	-23	-141 to -178	-337 to -375
Transfer Program Administration	-33	-3	-21 to -26	-54 to -59
Recipients				
Earnings	1382	194	1273 to 1637	2655 to 3019
Fringe Benefits	166	23	153 to 196	319 to 362
Payroll Taxes				
Employee Portion	101	14	93 to 119	193 to 220
Employer Portion	120	17	110 to 142	230 to 262
Income and Sales Taxes	-63	-5	-35 to -47	-98 to -110
AFDC Payments	-1371	-132	-735 to -909	-2106 to -2280
Other Transfer Payments	-106	-19	-118 to -150	-223 to -256
Transfer Program Administration	-27	-3	-20 to -25	-46 to -51

SOURCE AND NOTES: See Table 6.4.

TABLE 6.6

SWIM

AFDC-U: ESTIMATED BENEFITS DURING THE OBSERVATION PERIOD, PROJECTION PERIOD, AND OVER 5 YEARS AFTER RANDOM ASSIGNMENT, PER EXPERIMENTAL, BY WELFARE STATUS

Benefit Variable	Observation Period[a]	Projection Period		5-Year Total (Observed Plus Projected)
		Projection Base[b]	Projected Amount	
Applicants				
Earnings	$1399	$125	$587 to 839	$2087 to 2239
Fringe Benefits	168	15	82 to 101	250 to 269
Payroll Taxes				
Employee Portion	101	9	50 to 61	151 to 162
Employer Portion	120	11	60 to 73	180 to 193
Income and Sales Taxes	155	11	64 to 79	219 to 234
AFDC Payments	-684	-56	-365 to -466	-1048 to -1150
Other Transfer Payments	-179	-32	-226 to -297	-405 to -476
Transfer Program Administration	-21	-3	-22 to -28	-42 to -49
Recipients				
Earnings	1057	141	823 to 1020	1879 to 2077
Fringe Benefits	127	17	99 to 122	226 to 249
Payroll Taxes				
Employee Portion	76	10	60 to 75	137 to 151
Employer Portion	91	12	72 to 89	163 to 180
Income and Sales Taxes	-56	1	4 to 5	-52
AFDC Payments	-1893	-184	-1009 to -1239	-2902 to -3132
Other Transfer Payments	-51	-3	-27 to -35	-78 to -86
Transfer Program Administration	-32	-3	-16 to -21	-48 to -52

SOURCE AND NOTES: See Table 6.4.

than AFDC applicants during both the observation and projection periods. SWIM also resulted in a decrease in AFDC payments that was greater for recipients during these periods, although recipients' decreases in non-AFDC transfer payments were not as great as those of applicants.

Findings for AFDC-U registrants are more complicated. While AFDC-U applicants had higher earnings and fringe benefits than AFDC-U recipients during the observation period, this pattern did not continue during the projection period. As a result, earnings and fringe benefits are similar for AFDC-U applicants and recipients over the 5-year period of analysis. During the observation period as well as the projection period, SWIM resulted in a decrease in AFDC payments that was greater for AFDC-U recipients than applicants. However, decreases in other types of transfer payments were greater for AFDC-U applicants than recipients.

IV. Program Resource Use (Costs) for the Full Sample

In this section, four categories of expenditures are examined: program operations, allowances and support service payments, the use of community programs, and the use of GAIN services. Estimates of overall costs cover the entire period that SWIM operated -- from July 1985 through September 1987.[15] To complement the calculation of program benefits, all estimates are expressed in 1986 dollars.

A. SWIM Program Operations

The operating cost of each stage or component of the SWIM program was estimated in several steps. First, data on hours spent on the various components of SWIM were gathered using an MDRC-administered time study of county welfare department staff (including EPP, EWEP, and SWIM Division employees) and Employment Development Department (EDD) staff. For a 2-week period in June 1986, information was collected regarding all staff time devoted to registration and orientation, job search activities, EWEP, education and training activities, case management and program tracking, processing paperwork for controls, research-related activities, and miscellaneous tasks. Once the data were collected, several adjustments were made to isolate the costs of operating SWIM. For example, time spent on other welfare department activities, or in working with volunteers (of whom there were few) or non-SWIM clients, was excluded. Also excluded was time spent on research-related tasks, i.e., completing the baseline demographic

[15]As noted in Chapter 2, during the last few months of SWIM, some activities were curtailed in anticipation of GAIN's implementation.

interview document, randomly assigning registrants to research groups, and supervising such activities.

Second, these staff hours were multiplied by 1986 salary and fringe benefit rates, marked up for nonpersonnel overhead costs. The rates thus reflect labor and other costs for the two SWIM offices in 1986. Using state data, central administrative costs (SWIM operating costs incurred by the Department of Social Services and EDD at the state level) were then added.[16]

The resulting estimates indicate that the total cost of operating SWIM in 1986, excluding research-related costs, was approximately $3.6 million. This number indicates the annual cost of operating SWIM in two county offices that represented almost 40 percent of the county's welfare caseload. During 1986, job search was the most costly component to operate, accounting for about 35 percent of the year's total cost. This cost reflects the high job search participation rates described in Chapter 3.

Table 6.7 presents per-person estimates of SWIM costs during the entire 27-month period that the program operated, not just for 1986.[17] The estimates are broken down by program component and are provided separately for AFDC and AFDC-U registrants. For each component, the table presents average costs per participant in that component, average costs per experimental, which take into account the different participation rates in each of the components, and net costs per experimental, i.e., the incremental costs attributable to experimentals beyond those of controls.

As shown in Table 6.7, SWIM operating costs were broken down into six major program "components." Each of these is described below. Note that several components include activities that are often viewed as case management functions.

Registration and orientation expenditures included the costs of sending out requests for

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[16]The cost calculations include only costs associated with the two SWIM offices within San Diego County and county-wide administrative costs associated with operating SWIM. Interviews conducted with supervisors in the five non-SWIM EPP/EWEP offices in the county indicated that, at most, 6 percent of all SWIM registrants transferred to a non-SWIM office at some point during SWIM's operation. Some of them may have received EPP/EWEP services in the non-SWIM offices. Since the costs of providing such services to these transfers were not collected for this analysis, but the benefits were (in terms of increased earnings or decreased welfare), there may be a very slight overstatement of benefits relative to costs.

[17]Per-person costs were determined by (1) using 1986 costs and participation data to calculate unit costs for 1986, e.g., the operating cost per registrant month in EWEP; (2) determining the number of units, e.g., the number of EWEP participation months, for each member of the research sample throughout the duration of the SWIM program; and (3) multiplying the number of units per sample member by the unit cost.

TABLE 6.7

SWIM

SWIM OPERATING COSTS, BY COMPONENT AND ASSISTANCE CATEGORY

	Registration and Orientation	Job Search Activities	EWEP	Education and Training[a]	Case Management and Program Tracking[b]	Services to Controls	Total
AFDC							
Cost per Participant	$120	$515	$934	$516	$93	$61	$N/A
Cost per Experimental	120	268	196	87	93	0	764
Net Cost per Experimental	0	264	189	86	93	-61	571
AFDC-U							
Cost per Participant	120	515	934	516	93	61	N/A
Cost per Experimental	120	288	188	58	93	0	747
Net Cost per Experimental	0	284	183	57	93	-61	556

SOURCE: MDRC calculations from the County of San Diego Department of Social Services SWIM Automated Tracking System and EWEP attendance logs, the MDRC time study of Department of Social Services and Employment Development Department staff, and information gathered in staff interviews.

(continued)

TABLE 6.7 (continued)

NOTES: Results are expressed in 1986 dollars. Costs cover the duration of the SWIM program (July 1985 through September 1987).

[a]"Education and Training" includes costs associated with assessing registrants' interests and abilities, referring them to already existing community programs, and monitoring their participation. SWIM did not operate or fund these activities.

[b]"Case Management and Program Tracking" includes general case management and tracking activities not associated with a specific component.

individuals to register with SWIM, recontacting registration no-shows, conducting orientation sessions, appraising new registrants, and completing all paperwork associated with registration, orientation, and appraisals. Since all program registrants -- controls as well as experimentals -- were registered, oriented, and appraised, the cost per participant is the same as the cost per experimental (and as a result, the net cost of this aspect of operating procedures was zero).

Job search expenditures covered a number of activities, including arranging for and authorizing payment of support services for individuals who were assigned to job search, conducting job search workshops and job clubs, completing paperwork (e.g., scheduling and attendance logs) associated with job search assignments, contacting no-shows and dropouts, discussing program requirements with individuals not complying with them, initiating and carrying out sanctioning procedures for those noncompliant while assigned to job search activities, and supervising and administering job search activities. Since approximately one-half of all experimentals participated at least one day in some type of job search activity, the cost per experimental was about half the cost per participant. The net cost per experimental was essentially the same as the cost per experimental, reflecting the fact that controls were not eligible to participate in job search.

The EWEP category covered similar types of costs (administration and supervision, support services, dealing with noncompliers, etc.) plus the core EWEP activities: developing and monitoring worksites, placing individuals in worksites, and orienting, monitoring, and counseling EWEP participants. Since approximately one-fifth of all experimentals participated at least one hour in EWEP, the cost per experimental was much lower than the cost per participant. The net cost per experimental was about the same as the cost per experimental, again because controls were not eligible to enroll in EWEP.

The education and training category covered costs of a slightly different type. Unlike the situation in the job search and EWEP components, SWIM did not itself operate or fund education or training activities. Rather, SWIM staff referred registrants to already existing community programs. Thus, the costs of providing these services are not included in Table 6.7. (Costs incurred by the community are, however, included in the overall analysis, and are covered below, in Section IV.C.)

Expenditures in the education and training category thus represent staff time spent arranging and authorizing support services, assessing individuals for suitability for education and training activities, developing program "slots," making referrals, monitoring and counseling participants,

contacting no-shows and dropouts, discussing component requirements, initiating and carrying out sanctioning, and supervising and administering this aspect of SWIM. The cost per experimental was much lower than the cost per participant, reflecting the fact that only about one-sixth of all experimentals participated in *program-arranged* education or training. This is not surprising given that this was the third scheduled activity for SWIM registrants, and many individuals had left the program before reaching this stage. (As will be discussed below, the costs of monitoring *registrant-initiated* education and training activity was included in the case management/program tracking category.) Since SWIM staff rarely referred controls to education or training programs, the cost per experimental was almost identical to the net cost.

The case management and program tracking category included costs not directly associated with job search, EWEP, or education or training. Included here were expenditures devoted to periodically verifying participation in registrant-initiated education or training as well as employment, investigating registrants' AFDC or WIN status, completing a variety of forms (associated with status changes, deregistration, the SWIM tracking system, and reporting to the state), and correcting errors on forms or in the tracking system. This category included the cost of these activities relating only to experimentals, not controls, and thus the cost per participant equaled the cost per experimental as well as the net cost.

As discussed in Chapter 3, SWIM services provided to members of the control group were minimal. The costs contained in this last category in Table 6.7 represent any staff time devoted to completing status change forms, deregistration forms, and state reporting records, and providing control group members with "entered employment" stipends or miscellaneous employment expenses (discussed below). Since this category represents costs associated only with controls, the cost per experimental was zero, and the net cost per experimental (which subtracts control costs from those of experimentals) was a negative number.

Total per-person operating costs, regardless of component, are shown in the far right column of Table 6.7. As indicated in the table, these costs were very similar for AFDC and AFDC-U registrants. Operating costs totaled $764 per AFDC experimental and $747 per AFDC-U experimental. Subtraction of the operating costs incurred by members of the control group yielded a net operating cost of $571 per AFDC experimental and $556 per AFDC-U experimental.

B. SWIM Support Services and Allowances

The second category of SWIM expenditures includes support services and allowance payments paid with EPP, WIN, Title XX (the section of the Social Security Act that authorizes

social services), and SWIM demonstration funds. A summary of the types and amounts of allowances and support services provided in the program is presented in Appendix Table E.1.

Three major types of payments were available. Transportation payments were provided to registrants in job search activities, work experience, and program-arranged training; participants in program-referred education or self-initiated activities were not eligible for these monies. Individuals in program-arranged training were given $1.50 per day, in addition to their transportation payment, as an incentive to encourage continued participation. Child care monies, which were available for all children under 14 years of age, could be accessed by registrants in all activities in the SWIM model, with the exception of those in self-initiated activities and those employed while registered. Individuals were eligible for child care payments only while registered with the program; SWIM did not provide any "transitional" support services. "Entered employment" stipends consisted of work expense advances for those who found jobs. The money was intended to defray work expense costs until the registrant received his or her first paycheck. All registrants -- controls as well as experimentals -- were eligible for these payments. Finally, other payments were made for miscellaneous employment or training expenses, such as uniforms, work shoes, tools, equipment, books, and registration or licensing fees.

Data on support service and allowance payments were collected from a variety of sources. EDD funds covered more than two-thirds of the monies expended for support service and allowance payments. EDD-funded payments were calculated from individual-level data files containing payment amounts for all program registrants over the course of the demonstration. EWEP transportation payments, along with child care expenditures made in conjunction with EWEP or program-arranged education or training, were paid out of WIN, Title XX, and special demonstration funds. These costs were estimated using county expenditure records for selected months of the demonstration.[18]

Estimates of these expenditures, on a per-experimental and per-control basis, are shown in Table 6.8. On average, the total cost of allowances and support services over the 27 months that SWIM operated was $78 per AFDC experimental and $54 per AFDC-U experimental.

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[18]EWEP transportation costs for the full sample were estimated using EWEP attendance logs for the months of March and April 1986. These logs, which contain transportation payments for each registrant who worked at an EWEP site during the 2 months, were used to calculate the percentage of EWEP participants who received transportation monies and the average payment among those who were paid. Child care costs associated with EWEP and program-arranged education and training were estimated using county welfare department aggregate expenditure records for 1986.

TABLE 6.8

SWIM

SWIM SUPPORT SERVICE AND ALLOWANCE COSTS,
BY COMPONENT AND ASSISTANCE CATEGORY

	Transportation		Child Care			Entered Employment Stipends	Other	Total
	Job Search Activities and Program-Arranged Training	EWEP	Job Search Activities	EWEP	Program-Arranged Education and Training			
AFDC								
Percent of Experimentals Receiving a Payment (%)	47.4	N/A	13.8	N/A	N/A	16.7	10.1	N/A
Percent of Controls Receiving a Payment (%)	1.7	N/A	0.4	N/A	N/A	2.7	2.4	N/A
Cost per Person Receiving a Payment ($)	51[a]	22	57[a]	76	N/A	53[a]	91[a]	N/A
Cost per Experimental ($)	25[a]	5	8[a]	16	8	9[a]	8[a]	78
Net Cost per Experimental ($)	24[f]	4	8[a]	15	8	8[a]	5[a]	72

(continued)

TABLE 6.8 (continued)

	Transportation		Child Care					
	Job Search Activities and Program-Arranged Training	EWEP	Job Search Activities	EWEP	Program-Arranged Education and Training	Entered Employment Stipends	Other	Total
AFDC-U								
Percent of Experimentals Receiving a Payment (%)	50.9	N/A	1.4	N/A	N/A	18.9	12.1	N/A
Percent of Controls Receiving a Payment (%)	3.5	N/A	0.2	N/A	N/A	4.0	2.2	N/A
Cost per Person Receiving a Payment ($)	52[a]	22	55[a]	0	N/A	51[a]	102[a]	N/A
Cost per Experimental ($)	27[a]	4	1[a]	0	0	10[a]	12[a]	54
Net Cost per Experimental ($)	26[a]	4	0[a]	0	0	8[a]	10[a]	48

SOURCE: MDRC calculations from Employment Development Department participant cost records, the County of San Diego Department of Social Services SWIM Automated Tracking System, EWEP attendance logs, county expenditure records, and information gathered in staff interviews.

NOTES: Results are expressed in 1986 dollars. Costs cover the duration of the SWIM program (July 1985 through September 1987).

[a]These figures include the cost of the EDD Electronic Data Processing system, which represents approximately 10 percent of the actual payment.

Among the AFDC experimentals, transportation payments accounted for about 38 percent of this cost; child care accounted for another 41 percent; and employment and miscellaneous stipends accounted for the remaining 22 percent. Child care represented a much smaller share of total costs among the AFDC-U experimentals.

There are several possible explanations for the low child care costs indicated in Table 6.8. First, not all SWIM registrants required child care assistance while in the program. Evidence from the first SWIM report indicates that almost one-third of the SWIM experimentals never participated in a program component, and thus would not qualify for child care assistance. Even among participants, the need for child care was not universal. Most AFDC-U participants were not found to have a need for child care. In many such households, the second parent could provide any care needed. Among AFDC participants, evidence from a special study (summarized in the first SWIM report) indicated that almost one-third were determined not to require any child care assistance, either because their youngest child was at least 14 years old or because all their SWIM activity took place while their children were in school.

Second, among those who staff assessed as requiring child care assistance, the costs to SWIM of subsidizing this care were likely to be low. As noted above, individuals in self-initiated education or training were not eligible for SWIM child care monies. In addition, interviews with program staff indicated that, when possible, SWIM-referred activities were scheduled to coincide with the school hours of registrants' children. Thus many individuals who needed care required only preschool, after-school, or "backup" care. Finally, SWIM's allowable child care rates during the first year of the program were low. At the beginning of the program, child care expenses were paid (or reimbursed) at a rate of $1.25 per hour per child; in the second year, regulations were changed to allow a maximum of $250 per month per child.

As would be expected, since support service payments were usually available only to participants in SWIM components, few controls received such payments. Consequently, as shown in Table 6.8, the net support service and allowance cost per experimental was only $6 lower than the gross cost per AFDC or AFDC-U experimental.

C. Use of Community Programs

As part of the SWIM program model, experimentals were referred to education and training programs provided by public and nonprofit community organizations and schools. On their own initiative, control group members could also enroll in these programs. Indeed, as indicated in Chapter 3, a substantial proportion of controls participated in education and training programs

within the follow-up period and, in some instances, received services similar to those provided to the experimental group.

The San Diego Department of Social Services did not pay for the provision of education and training, and thus these costs are not considered to be part of program operating costs, which were discussed above. By encouraging enrollment in community programs, however, the SWIM program may have increased JTPA, adult school, and community college costs. Consequently, these costs are important elements of the benefit-cost analysis.

As described in Chapters 2 and 3, participation in community employment and training services by experimentals and controls was identified through automated records maintained by the local community college district and JTPA. To estimate the costs of college-level courses taken within the community college district, full-time student costs were obtained from community college fiscal personnel and used to calculate average costs per course.[19] For continuing education courses within the district, average costs for different types of courses were obtained. Costs associated with JTPA-funded activities were provided by Regional Employment and Training Consortium (RETC) personnel, on a per-participant basis, according to funding title.

As shown in Table 6.9, the per-participant cost of serving SWIM experimentals through community programs was high. JTPA-funded programs, e.g., averaged over $2,000 per participant. Community program costs on a per-experimental basis were much lower, owing to the fact that not all experimentals participated in such programs. These costs totaled $664 per AFDC experimental and $461 per AFDC-U experimental. However, the extensive -- and almost equal -- overall use of community services by control group members resulted in net costs that were much lower. The net cost of community college continuing education or college-level programs was under $30 per AFDC or AFDC-U experimental. Net costs for JTPA-funded programs were higher, reflecting little use of these programs by controls. Net costs incurred through JTPA amounted to $232 per AFDC experimental and $141 per AFDC-U experimental. Taking into account the behavior of the control group, the net costs of serving SWIM experimentals through community programs totaled $249 per AFDC experimental and $194 per AFDC-U experimental.

Two types of numbers are of particular note in Table 6.9. First, as can be seen in the top

[19]The fiscal year 1986 cost for a full-time college student within the San Diego Community College District was $2,386. Students are considered to be enrolled full-time if they are taking at least 12 units in each of the two semesters within the year. The cost per unit is thus $99, assuming 24 units per year. The average number of credit units per course among SWIM sample members enrolled in college-level courses was 2.76, resulting in an average cost per course of $275.

TABLE 6.9

SWIM

COSTS OF COMMUNITY EDUCATION AND TRAINING PROGRAMS,
BY TYPE OF SERVICE AND ASSISTANCE CATEGORY

	Community College District Programs			
	College-Level Courses	Continuing Education	JTPA-Funded Programs	Total
AFDC				
Cost per Participant	$2754	$146	$2097	$N/A
Cost per Experimental	292	72	300	664
Net Cost per Experimental	-7	24	232	249
AFDC-U				
Cost per Participant	2605	171	2055	$N/A
Cost per Experimental	153	66	241	461
Net Cost per Experimental	24	29	141	194

SOURCE: MDRC calculations from the San Diego Community College District Student Information System, the San Diego County JTPA Management Information System, and information gathered in interviews.

NOTES: Results are expressed in 1986 dollars. Costs cover the period from the beginning of the SWIM program (July 1985) through June 1988.

row of each panel in the table, per-participant costs were much higher for individuals enrolled in college-level and JTPA-funded programs than for individuals participating in continuing education courses. Second, subtraction of the third row from the second row in each table panel indicates the costs incurred by the control group. The total of $415 incurred by each AFDC control and the $267 incurred by each AFDC-U control represents a substantial use of community resources without any program intervention.

D. Use of GAIN Services

As described in Chapter 3, fewer than one-fifth of SWIM experimentals became eligible for GAIN services in later quarters of the follow-up period analyzed in this report. Data described in the previous section capture the costs of community education and training services provided to SWIM controls and experimentals through GAIN, since GAIN also accesses community education and training providers. However, SWIM cost data and reviews of GAIN case files in San Diego were used to estimate the costs of providing job search under GAIN, monitoring education and training referrals during GAIN, and performing GAIN case management tasks.[20]

The costs of serving SWIM registrants in GAIN were estimated to be $39 per AFDC experimental and $31 per AFDC-U experimental. This low cost reflects the low proportion of SWIM registrants who became eligible for GAIN, and the likelihood that many of these eligible individuals did not participate in a GAIN activity. The use of GAIN services by a small number of control group members resulted in slightly lower net costs: $27 per AFDC experimental and $20 per AFDC-U experimental.

E. Total Costs of the Resources Used

Three measures of the total value of resources used by the research sample are of interest.

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[20]As noted in Chapter 3, 18 percent of the AFDC experimentals and 6 percent of the AFDC controls attended a GAIN orientation by June 30, 1988. These same figures are 15 percent and 5 percent, respectively, among AFDC-U registrants. GAIN case file reviews indicated that within 4 to 6 months of GAIN orientation, approximately 12 percent of all orientation attenders participate in job search and about 26 percent of the attenders participate in education activities. All orientation attenders were assumed to require case management. GAIN costs were estimated by applying these participation rates to the proportion of SWIM registrants who attended a GAIN orientation, and then multiplying by the likely per-participant costs of operating job search, monitoring education activities, and general case management activities. These costs were estimated using the SWIM costs presented in Table 6.7. GAIN job search costs were estimated to equal SWIM job search costs; GAIN education and training costs, along with case management costs, were obtained by dividing the corresponding SWIM costs by 1.5 to take into account the shorter time period in which SWIM registrants were eligible for GAIN.

One is the *gross* cost of all program services received by the experimental group. This is the sum of the SWIM operating costs, the SWIM support service and allowance costs, and the costs of all community and GAIN services experimentals received. In 1986 dollars, the total per-person cost of all SWIM and non-SWIM services provided to AFDC experimentals was $1,545; this same gross cost was $1,292 per AFDC-U experimental. (See Table 6.10.)

A second useful measure, the *total* cost, provides an estimate of the cost of operating SWIM and providing community services to program-referred experimentals, and ignores the cost, borne by the community, of providing services to experimentals who sought them out on their own initiative. The total cost thus includes the cost of all program services received by the experimental group, but subtracts expenditures representing education or training activities which experimentals would have engaged in on their own. These latter expenditures are estimated to equal the costs of education and training services received by the control group. In 1986 dollars, the estimated total cost was $1,130 per AFDC experimental and $1,025 per AFDC-U experimental.

A third useful measure of resources used is the *net* cost. Net costs reflect the incremental use of resources by the experimental group beyond that of controls. This is the estimate that is compared to net benefits in the benefit-cost analysis. Thus, net costs have been calculated by subtracting the estimated costs of services per control from the gross costs per experimental just presented. In 1986 dollars, the estimated net cost per AFDC experimental was $919, while the net cost per AFDC-U experimental was $817.

Net SWIM costs were similar to the costs of San Diego's EPP/EWEP program, an earlier, less costly welfare employment program which served welfare applicants. There are several possible explanations for this similarity. First, in some ways SWIM represented a mature EPP/EWEP program. The job search workshop and EWEP components were operating about 3 years before SWIM even started; development and learning costs for these components were included in the EPP/EWEP estimates, while they were not included in the SWIM estimates.

Second, while SWIM extended EPP/EWEP by adding a special set of staff to assess registrants for education and training activities and monitor their participation in such activities, these staff had very high caseloads, averaging almost 300 registrants per staff member during the program cost calculation period. The cost of these staff on a per-experimental basis was thus low. The efficiency savings realized in SWIM for the job search workshop and EWEP components probably offset the marginal costs of adding a new set of staff.

TABLE 6.10

SWIM

TOTAL SWIM COSTS, BY TYPE OF COST AND ASSISTANCE CATEGORY

	Operating Costs	Support Service and Allowance Costs	Costs of Community Education and Training Programs	Estimated GAIN Costs	Total
AFDC					
Cost per Experimental	$764	$78	$664	$39	$1545
Net Cost per Experimental	571	72	249	27	919
AFDC-U					
Cost per Experimental	747	54	461	31	1292
Net Cost per Experimental	556	48	194	20	817

SOURCE: GAIN costs were estimated using SWIM Fiscal Records, Program Tracking System, and Staff Interviews, and GAIN Casefile Records. For the other costs, see Tables 6.7, 6.8, and 6.9.

NOTES: Results are expressed in 1986 dollars. Operating and support service costs cover the duration of the SWIM program (July 1985 through September 1987), community education and training program costs cover the period from the beginning of the SWIM program through June 1988, and GAIN costs are estimated for the period October 1987 through June 1988.

Third, net education and training costs were relatively low in SWIM. Because program-arranged education or training was the third component in the sequenced SWIM model, many experimentals left the program, and probably the welfare rolls, before reaching this stage. As a result, the vast majority of SWIM participants were active in job search, and some participated in EWEP as well -- the same two components offered in the EPP/EWEP program -- and participation in program-arranged education or training activities was limited.

Finally, job search workshops were 3 weeks long in the earlier program but they were 2 weeks long in SWIM. This resulted in lower job search costs in SWIM.

V. Program Resource Use (Costs) for Applicants and Recipients

As shown in Table 6.11, gross costs per AFDC experimental were higher among recipients than applicants. This reflects recipients' greater use of program activities as well as available community programs. In total, the gross SWIM cost per AFDC applicant experimental was $1,286; the gross cost was $1,719, on average, for each AFDC recipient experimental. While net costs were also higher for recipients than for applicants, the difference is slightly smaller: The net cost per AFDC applicant experimental was $700, while the net cost per AFDC recipient experimental totaled $1,068.

Again, because participation rates were generally higher for AFDC-U recipients than for applicants, gross costs per AFDC-U experimental were also higher for recipients than for applicants. (See Table 6.12.) Gross costs averaged [illegible] per applicant compared to $1,579 per recipient. Net costs were $660 and $1,025, respectively.

VI. Results

A. Results for the Full Sample

The results for each type of program effect and resource use discussed in the previous sections are aggregated in Tables 6.13, 6.14, and 6.15. Each result is entered as a benefit or a cost depending on whether it represents a gain or a loss to the group whose perspective is represented in the particular table. In each table, the results are then added together to estimate the net value of SWIM from the point of view represented. As indicated earlier, all estimates for society as a whole constitute the sum of the results for the welfare applicant/recipient and taxpayer perspectives; the latter includes the perspective of government budgets. All results cover

TABLE 6.11

SWIM

AFDC: TOTAL SWIM COSTS, BY TYPE OF COST AND WELFARE STATUS

	Operating Costs	Support Service and Allowance Costs	Costs of Community Education and Training Programs	Estimated GAIN Costs	Total
Applicants					
Cost per Experimental	$664	$62	$528	$31	$1286
Net Cost per Experimental	475	57	146	22	700
Recipients					
Cost per Experimental	830	89	755	45	1719
Net Cost per Experimental	636	82	320	30	1068

SOURCE: GAIN costs were estimated using SWIM Fiscal Records, Program Tracking System, and Staff Interviews, and GAIN Casefile Records. For the other costs, see Tables 6.7, 6.8, and 6.9.

NOTES: See Table 6.10.

TABLE 6.12

SWIM

AFDC-U: TOTAL SWIM COSTS, BY TYPE OF COST AND WELFARE STATUS

	Operating Costs	Support Service and Allowance Costs	Costs of Community Education and Training Programs	Estimated GAIN Costs	Total
Applicants					
Cost per Experimental	$717	$50	$295	$23	$1086
Net Cost per Experimental	526	44	76	14	660
Recipients					
Cost per Experimental	789	59	690	42	1579
Net Cost per Experimental	597	54	348	27	1025

SOURCE: GAIN costs were estimated using SWIM Fiscal Records, Program Tracking System, and Staff Interviews, and GAIN Casefile Records. For the other costs, see Tables 6.7, 6.8, and 6.9.

NOTES: See Table 6.10.

TABLE 6.13

SWIM

FROM THE PERSPECTIVE OF THE WELFARE SAMPLE
ESTIMATED GAINS AND LOSSES PER EXPERIMENTAL OVER 5 YEARS,
BY ASSISTANCE CATEGORY

Component of Analysis	AFDC	AFDC-U
Gains		
Earnings	$1990 to 2271	$2003 to 2173
Fringe Benefits	239 to 272	240 to 261
Support Service and Allowance Payments	72	48
Total	2301 to 2615	2291 to 2482
Losses		
Tax Payments	-85 to -98	-254 to -275
AFDC Payments	-1908 to -2064	-1802 to -1957
Non-AFDC Transfer Payments	-268 to -302	-272 to -317
Total	-2261 to -2464	-2328 to -2549
Net Present Value[a]	39 to 151	-37 to -67

SOURCE: See Tables 6.4 and 6.8.

NOTES: Results are expressed in 1986 dollars. The AFDC sample includes 1604 experimentals and 1607 controls, and the AFDC-U sample includes 687 experimentals and 654 controls. Because of rounding, detail may not sum to totals. Results include estimates of projected program effects beyond the observation period (see Table 6.4).

The first number of each range assumes that program effects decline by 22 percent per year during the projection period; the second number assumes that the most recent program effects continue for the remainder of the 5 year period.

[a]The net present value is the sum of all gains and losses.

TABLE 6.14

SWIM

FROM THE GOVERNMENT BUDGET PERSPECTIVE
ESTIMATED GAINS AND LOSSES PER EXPERIMENTAL OVER 5 YEARS,
BY ASSISTANCE CATEGORY

Component of Analysis	AFDC	AFDC-U
Gains		
Payroll Taxes[a]	$314 to 358	$318 to 345
Income and Sales Tax	-58 to -66	109 to 118
AFDC Payments	1908 to 2064	1802 to 1957
Non-AFDC Transfer Payments	268 to 302	272 to 317
Transfer Administration	49 to 54	45 to 50
Total	2482 to 2714	2546 to 2787
Losses		
SWIM Operating Costs	-571	-556
Support Service and Allowance Payments	-72	-48
Use of Community Education and Training Programs	-249	-194
Estimated GAIN Costs	-27	-20
Total	-919	-817
Net Present Value[b]	1563 to 1795	1729 to 1970

SOURCE: For gains, see Table 6.4. For losses, see Table 6.7 (operating costs); Table 6.8 (support service and allowance payments); Table 6.9 (community education and training programs); and Table 6.10 (GAIN costs).

NOTES: Results are expressed in 1986 dollars. The AFDC sample includes 1604 experimentals and 1607 controls, and the AFDC-U sample includes 687 experimentals and 654 controls. Because of rounding, detail may not sum to totals. Results include estimates of projected program effects beyond the observation period (see Table 6.4).

The first number of each range assumes that program effects decline by 22 percent per year durirg the projection period; the second number assumes that the most recent program effects continue for the remainder of the 5 year period.

[a]Payroll taxes include employer- and employee-paid Social Security taxes, and employer-paid Unemployment Insurance Compensation tax.

[b]The net present value is the sum of all gains and losses.

TABLE 6.15

SWIM

ESTIMATED BENEFITS AND COSTS PER EXPERIMENTAL OVER 5 YEARS,
BY ACCOUNTING PERSPECTIVE AND ASSISTANCE CATEGORY

Component of Analysis	Accounting Perspective			
	Welfare Sample	Budget	Taxpayer	Society
AFDC				
Earnings	1990 to 2271	0	-1990 to -2271	0
Fringe Benefits	239 to 272	0	-239 to -272	0
Output Produced by Participants				
EWEP	0	0	180	180
Employment	0	0	2229 to 2543	2229 to 2543
Tax Payments				
Payroll Taxes	-143 to -163	314 to 358	143 to 163	0
Income and Sales Taxes	58 to 66	-58 to -66	-58 to -66	0
Transfer Programs				
AFDC Payments	-1908 to -2064	1908 to 2064	1908 to 2064	0
Payments from Other Programs	-268 to -302	268 to 302	268 to 302	0
Transfer Administrative Costs	0	49 to 54	49 to 54	49 to 54
SWIM Operating Costs	0	-571	-571	-571
Support Service and Allowances	72	-72	-72	0
Use of Community Education and Training Programs	0	-249	-249	-249
Estimated GAIN Costs	0	-27	-27	-27
Net Present Value	39 to 151	1563 to 1795	1572 to 1780	1611 to 1931

(continued)

TABLE 6.15 (continued)

Component of Analysis	Accounting Perspective			
	Welfare Sample	Budget	Taxpayer	Society
AFDC-U				
Earnings	2003 to 2173	0	-2003 to -2173	0
Fringe Benefits	240 to 261	0	-240 to -261	0
Output Produced by Participants				
EWEP	0	0	267	267
Employment	0	0	2243 to 2434	2243 to 2434
Tax Payments				
Payroll Taxes	-145 to -157	318 to 345	145 to 157	0
Income and Sales Taxes	-109 to -118	109 to 118	109 to 118	0
Transfer Programs				
AFDC Payments	-1802 to -1957	1802 to 1957	1802 to 1957	0
Payments from Other Programs	-272 to -317	272 to 317	272 to 317	0
Transfer Administrative Costs	0	45 to 50	45 to 50	45 to 50
SWIM Operating Costs	0	-556	-556	-556
Support Service and Allowances	48	-48	-48	0
Use of Community Education and Training Programs	0	-194	-194	-194
Estimated GAIN Costs	0	-20	-20	-20
Net Present Value[a]	-37 to -67	1729 to 1970	1823 to 2049	1786 to 1982

SOURCE: MDRC calculations from the State of California Unemployment Insurance earnings and benefits records; AFDC payments records; the County of San Diego Department of Social Services SWIM Automated Tracking System and EWEP attendance logs; the San Diego Community College District Student Information System; the San Diego County JTPA Management Information System; MDRC time study of Department of Social Services and Employment Development Department staff; Employment Development Department participant cost records; county expenditure records; EWEP supervisor interviews; published data on transfer program administrative costs, tax rates, employee fringe benefits; GAIN casefile records; information gathered in interviews.

NOTES: Results are expressed in 1986 dollars. Differences are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members. The AFDC sample includes 1604 experimentals and 1607 controls, and the AFDC-U sample includes 687 experimentals and 654 controls. Because of rounding, detail may not sum to totals. Results include estimates of projected program effects beyond the observation period, shown in Table 6.4.

The first number of each range assumes that program effects decline by 22 percent per year during the projection period; the second number assumes that the most recent program effects continue for the remainder of the 5 year period.

[a]The net present value is the sum of all gains and losses within each perspective.

a 5-year period, are expressed in 1986 dollars, and show a range of values, reflecting two assumed decay rates -- no decay throughout the projection period and a 22 percent annual decay in impacts during the projection period.[21]

The first table (Table 6.13) presents the benefit-cost results from the perspective of the full AFDC and AFDC-U samples. It should be remembered that these results reflect net gains and losses to the welfare sample. For example, the net gain associated with earnings is due to the fact that experimentals had higher earnings than controls. Similarly, the net loss associated with transfer payments is due to the fact that controls received more AFDC and other transfer payments than did experimentals. Hence, experimentals lost this assistance by virtue of their research status.

As Table 6.13 shows, on average, SWIM experimentals generally "broke even" as a result of the program. AFDC experimentals experienced a net gain of $39 to $151 per experimental. SWIM AFDC-U experimentals exhibited a slight net loss of $37 to $67 per experimental over the 5-year period. These findings reflect the fact that gains in earnings and fringe benefits were largely offset by taxes and reductions in transfer payments. AFDC experimentals, e.g., showed net losses in AFDC benefits (ranging from $1,908 to $2,064) and non-AFDC transfer payments (from $268 to $302), and paid increased taxes (ranging from $85 to $98).

Government budgets showed a much higher net gain from SWIM. (See Table 6.14.) Although the total net per-experimental cost of SWIM was fairly high -- $919, e.g., for AFDC experimentals -- in contrast to other welfare employment programs MDRC has studied, reductions in registrants' use of transfer programs (and attendant reductions in administrative costs) and increases in registrants' payment of Social Security and state income taxes substantially offset the cost of SWIM. On a per-person basis, government budgets benefited on average by $1,563 to $1,795 for AFDC experimentals and by $1,729 to $1,970 for AFDC-U experimentals.

Table 6.15 presents the final benefit-cost results from the four major perspectives considered in this analysis. It thus presents overall findings for taxpayers and for society in general and

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[21]While it would have been desirable to test the robustness of the benefit-cost conclusions under a variety of additional assumptions, the level of resources available for the evaluation prevented this. Only a radical altering of the assumptions used in the analysis would have changed the overall conclusions reached in this section concerning the cost-effectiveness of SWIM from the perspectives of budgets or taxpayers, although any changes in assumptions would have affected the benefit-cost estimates (dollar figures) to some degree. However, changing any of several assumptions could have changed the benefit-cost estimates (dollar figures) sufficiently from the point of view of the welfare sample to modify the conclusions reached for this group.

repeats the budget and welfare sample findings just described. The results indicate that taxpayers also enjoyed a substantial gain as a result of SWIM: about $1,572 to $1,780 per AFDC experimental and about $1,823 to $2,049 per AFDC-U experimental. This is larger than the purely budgetary gain reported above because of the estimated net value of the work experience services to government and nonprofit agencies.

The net value of the program to society as a whole (the sum of taxpayer and welfare sample gains) was about $1,611 to $1,931 per AFDC experimental and about $1,786 to $1,982 per AFDC-U experimental. This reflects the fact that SWIM produced a large gain for taxpayers without substantially changing, on average, the income of the experimental group.

B. Results for Applicants and Recipients

Table 6.16 presents benefit-cost results from the separate perspectives of AFDC applicants and recipients. The findings indicate that AFDC applicants experienced net losses -- on the order of $878 to $883 -- as a result of SWIM over the 5-year period. For applicants, gains in earnings and fringe benefits did not compensate for losses in AFDC payments and reductions in non-AFDC transfer payments.

On the other hand, AFDC recipients showed overall net gains -- of $631 to $818 -- as a result of SWIM. In this case, recipients' gains in earnings and fringe benefits more than offset their losses in AFDC and other transfer payments.

Table 6.17 presents the same types of findings for AFDC-U experimentals. For individuals in this assistance category, however, the results are just the opposite: Applicants show overall gains, while recipients exhibit losses. On average, AFDC-U applicants gained $529 to $558 as a result of SWIM, while AFDC-U recipients experienced losses on the order of $906 to $937.

As shown in Tables 6.18 and 6.19, government budgets experienced a substantial gain for applicants and recipients in both assistance categories. Among AFDC experimentals, budgetary savings were slightly higher for recipients than applicants, ranging from $1,441 to $1,633 for applicants and from $1,633 to $1,891 for recipients. This same pattern was true among AFDC-U experimentals, but the differential was greater: Government savings ranged from $1,386 to $1,604 for applicants and from $2,250 to $2,525 for recipients.

VII. Conclusions

Judgments of the cost-effectiveness of SWIM depend on the perspective taken -- that of SWIM registrants, or that of government budgets. From the standpoint of the total eligible

TABLE 6.16

SWIM

AFDC: FROM THE PERSPECTIVE OF THE WELFARE SAMPLE
ESTIMATED GAINS AND LOSSES PER EXPERIMENTAL OVER 5 YEARS,
BY WELFARE STATUS

Component of Analysis	Applicants	Recipients
Gains		
Earnings	$959 to 1110	$2655 to 3019
Fringe Benefits	115 to 133	319 to 362
Support Service and Allowance Payments	57	82
Total	1130 to 1300	3056 to 3464
Losses		
Tax Payments	-71 to -79	-95 to -110
AFDC Payments	-1600 to -1728	-2106 to -2280
Non-AFDC Transfer Payments	-337 to -375	-223 to -256
Total	-2008 to -2182	-2425 to -2646
Net Present Value[a]	-878 to -883	631 to 818

SOURCE: See Tables 6.4 and 6.8.

NOTES: Results are expressed in 1986 dollars. The AFDC sample includes 1604 experimentals and 1607 controls. Because of rounding, detail may not sum to totals. Results include estimates of projected program effects beyond the observation period (see Table 5.4).

The first number of each range assumes that program effects decline by 22 percent per year during the projection period; the second number assumes that the most recent program effects continue for the remainder of the 5 year period.

[a]The net present value is the sum of all gains and losses.

TABLE 6.17

SWIM

AFDC-U: FROM THE PERSPECTIVE OF THE WELFARE SAMPLE
ESTIMATED GAINS AND LOSSES PER EXPERIMENTAL OVER 5 YEARS,
BY WELFARE STATUS

Component of Analysis	Applicants	Recipients
Gains		
Earnings	$2087 to 2239	$1879 to 2077
Fringe Benefits	250 to 269	226 to 249
Support Service and Allowance Payments	44	54
Total	2381 to 2551	2159 to 2380
Losses		
Tax Payments	-370 to -396	-84 to -99
AFDC Payments	-1048 to -1150	-2902 to -3132
Non-AFDC Transfer Payments	-405 to -476	-78 to -86
Total	-1823 to -2022	-3064 to -3317
Net Present Value[a]	558 to 529	-906 to -937

SOURCE: See Tables 6.4 and 6.8.

NOTES: Results are expressed in 1986 dollars. The AFDC-U sample includes 687 experimentals and 654 controls. Because of rounding, detail may not sum to totals. Results include estimates of projected program effects beyond the observation period (see Table 6.4).

The first number of each range assumes that program effects decline by 22 percent per year during the projection period; the second number assumes that the most recent program effects continue for the remainder of the 5 year period.

[a]The net present value is the sum of all gains and losses.

TABLE 6.18

SWIM

AFDC: FROM THE GOVERNMENT BUDGET PERSPECTIVE
ESTIMATED GAINS AND LOSSES PER EXPERIMENTAL OVER 5 YEARS,
BY WELFARE STATUS

Component of Analysis	Applicants	Recipients
Gains		
Payroll Taxes[a]	$145 to 168	$423 to 481
Income and Sales Tax	5 to 3	-98 to -110
AFDC Payments	1600 to 1728	2106 to 2280
Non-AFDC Transfer Payments	337 to 375	223 to 256
Transfer Administration	54 to 59	46 to 51
Total	2141 to 2333	2701 to 2959
Losses		
SWIM Operating Costs	-475	-636
Support Service and Allowance Payments	-57	-82
Use of Community Education and Training Programs	-146	-320
Estimated GAIN Costs	-22	-30
Total	-700	-1068
Net Present Value[b]	1441 to 1633	1633 to 1891

SOURCE: For gains, see Table 6.4. For losses, see Table 6.7 (operating costs); Table 6.8 (support service and allowance payments); Table 6.9 (community education and training programs); and Table 6.10 (GAIN costs).

NOTES: Results are expressed in 1986 dollars. The AFDC sample includes 1604 experimentals and 1607 controls. Because of rounding, detail may not sum to totals. Results include estimates of projected program effects beyond the observation period (see Table 6.4).

The first number of each range assumes that program effects decline by 22 percent per year during the projection period; the second number assumes that the most recent program effects continue for the remainder of the 5 year period.

[a]Payroll taxes include employer- and employee-paid Social Security taxes, and employer-paid Unemployment Insurance Compensation tax.

[b]The net present value is the sum of all gains and losses.

TABLE 6.19

SWIM

AFDC-U: FROM THE GOVERNMENT BUDGET PERSPECTIVE
ESTIMATED GAINS AND LOSSES PER EXPERIMENTAL OVER 5 YEARS,
BY WELFARE STATUS

Component of Analysis	Applicants	Recipients
Gains		
Payroll Taxes[a]	$331 to 355	$300 to 331
Income and Sales Tax	219 to 234	-52
AFDC Payments	1048 to 1150	2902 to 3132
Non-AFDC Transfer Payments	405 to 476	78 to 86
Transfer Administration	42 to 49	48 to 52
Total	2046 to 2264	3275 to 3550
Losses		
SWIM Operating Costs	-526	-597
Support Service and Allowance Payments	-44	-54
Use of Community Education and Training Programs	-76	-348
Estimated GAIN Costs	-14	-27
Total	-660	-1025
Net Present Value[b]	1386 to 1604	2250 to 2525

SOURCE: For gains, see Table 6.4. For losses, see Table 6.7 (operating costs); Table 6.8 (support service and allowance payments); Table 6.9 (community education and training programs); and Table 6.10 (GAIN costs).

NOTES: Results are expressed in 1986 dollars. The AFDC-U sample includes 687 experimentals and 654 controls. Because of rounding, detail may not sum to totals. Results include estimates of projected program effects beyond the observation period (see Table 6.4).

The first number of each range assumes that program effects decline by 22 percent per year during the projection period; the second number assumes that the most recent program effects continue for the remainder of the 5 year period.

[a]Payroll taxes include employer- and employee-paid Social Security taxes, and employer-paid Unemployment Insurance Compensation tax.

[b]The net present value is the sum of all gains and losses.

welfare caseload, the program produced very little change in income, because program-eligible individuals' additional earnings and fringe benefits were largely offset by reduced transfer payments. However, this overall finding reflects considerable variation in results for applicant and recipient subgroups, which suggests the need for further research to determine the types of registrants who experienced benefits or losses as a result of SWIM.

From the standpoint of taxpayers, as well as government budgets, the results were impressive. In fact, multiplying the government budget savings by the number of individuals served by SWIM during the 2 years the program operated suggests a saving of more than $12 million over the 5-year analysis period.

APPENDIX

TABLE A.1

SWIM

SELECTED CHARACTERISTICS OF REGISTRANTS
AT THE TIME OF INITIAL REGISTRATION, BY ASSISTANCE CATEGORY AND RESEARCH GROUP

Characteristic	AFDC		AFDC-U	
	Experimental	Control	Experimental	Control
AFDC Status (%)				
Applicant	40.2	38.3	58.1	61.5
Renewed Recipient	33.5	32.3	23.7	22.5
Redetermined Recipient[a]	26.3	29.4*	18.2	16.0
Average Age (Years)	34.1	34.3	32.7	33.0
Sex (%)				
Male	8.8	8.6	92.0	90.5
Female	91.2	91.4	8.0	9.5
Ethnicity (%)				
White, Non-Hispanic	28.2	26.3	25.0	24.5
Black, Non-Hispanic	42.0	42.3	21.6	18.6
Hispanic	25.7	25.6	40.8	43.5
American Indian/Alaskan Native	0.4	0.7	0.1	0.7
Asian and Pacific Islander	2.9	4.6**	11.1	11.1
Other	0.7	0.4	1.4	1.6
Degree Received (%)				
High School Diploma	48.1	48.0	39.0	36.7
GED	8.1	7.5	6.8	9.2
None	43.8	44.5	54.2	54.0
Average Highest Grade Completed	10.9	10.9	10.2	10.0
Current Activities (%)				
Employed 20 Hours or Less Per Week	7.4	6.6	6.7	6.0
Employed 21-30 Hours Per Week	5.4	5.6	4.3	1.9**
Education or Training	14.3	14.8	9.7	9.5
Prior AFDC Dependency (%)				
Never on AFDC	11.9	10.9	34.5	33.7
1-11 Months	6.4	7.5	15.1	15.8
12-23 Months	7.0	6.7	10.9	10.2
24-35 Months	8.4	7.8	11.4	10.1
36-47 Months	8.4	8.3	8.2	7.5
48-59 Months	6.8	7.0	6.0	7.4
60 Months or More	51.1	51.8	13.9	15.1

(continued)

TABLE A.1 (continued)

Characteristic	AFDC		AFDC-U	
	Experimental	Control	Experimental	Control
Average Number of Months on AFDC During 24 Months Prior to Initial Registration	15.5	15.5	9.6	9.4
Held a Job at Any Time During Quarter Prior to Initial Registration (%)[b]	26.6	26.9	37.5	38.8
Held a Job at Any Time During Four Quarters Prior to Initial Registration (%)[b]	38.9	39.9	56.9	56.1
Average Earnings During Quarter Prior to Initial Registration ($)[b]	415.69	428.00	920.78	818.18
Average Earnings During Four Quarters Prior to Initial Registration ($)[b]	1650.31	1686.85	3782.15	3217.19*
Received Unemployment Compensation During Three Months Prior to Initial Registration (%)[b]	4.0	4.4	9.9	8.4
Average Amount of Unemployment Compensation During Three Months Prior to Initial Registration ($)[b]	30.10	33.99	67.83	69.80
Sample Size[c]	1608	1619	704	683

SOURCE: See Table 2.2.

NOTES: The sample for this table includes individuals who registered between July 1985 and June 1986.

Distributions may not add to 100.00 percent due to rounding.

A chi-square test or t-test was applied to differences between experimental and control groups within assistance categories. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; *** = 1 percent.

[a]AFDC-U cases can be redetermined as WIN-mandatory when an AFDC case becomes an AFDC-U case or when a previously exempt AFDC-U case (e.g., medically exempt) loses its exemption status.

[b]These data are calculated from the State of California Unemployment Insurance earnings records and include zero values for sample members not employed and for those not receiving Unemployment Compensation.

[c]For selected characteristics, sample sizes may vary up to 5 sample points due to missing data. 62 of these registrants were excluded from the impact analysis because they did not have social security numbers.

TABLE A.2

SWIM

SELECTED CHARACTERISTICS OF REGISTRANTS AT THE TIME OF INITIAL REGISTRATION, BY ASSISTANCE CATEGORY AND PERIOD OF INITIAL REGISTRATION

Characteristic	AFDC		AFDC-U	
	Earlier Cohort	Later Cohort	Earlier Cohort	Later Cohort
AFDC Status (%)				
Applicant	42.8	35.0***	60.0	59.5
Renewed Recipient	29.2	37.3***	20.2	26.6***
Redetermined Recipient[a]	28.0	27.7	19.8	13.9***
Average Age (Years)	33.8	34.5**	32.5	33.1
Sex (%)				
Male	8.9	8.6	89.2	93.7***
Female	91.1	91.4	10.8	6.3***
Ethnicity (%)				
White, Non-Hispanic	27.3	27.1	25.0	24.4
Black, Non-Hispanic	42.1	42.3	20.6	19.5
Hispanic	26.0	25.2	42.6	41.6
American Indian/Alaskan Native	0.6	0.5	0.4	0.5
Asian and Pacific Islander	3.2	4.4	9.6	12.9*
Other	0.7	0.4	1.9	1.1
Degree Received (%)				
High School Diploma	48.7	47.3	37.0	38.9
GED	8.4	7.1	7.7	8.3
None	43.0	45.6	55.3	52.8
Average Highest Grade Completed	10.9	10.9	10.1	10.1
Current Activities (%)				
Employed 20 Hours or Less Per Week	7.6	6.2	6.5	6.1
Employed 21-30 Hours Per Week	5.7	5.2	3.5	2.7
Education or Training	12.8	16.7***	9.6	9.6
Prior AFDC Dependency (%)				
Never on AFDC	12.0	10.7	35.2	32.8
1-11 Months	7.5	6.2	16.2	14.5
12-23 Months	7.0	6.7	10.5	10.7
24-35 Months	8.3	7.8	10.4	11.2
36-47 Months	8.9	7.7	8.4	7.2
48-59 Months	7.2	6.6	6.3	7.4
60 Months or More	49.1	54.3***	13.0	16.9

(continued)

TABLE A.2 (continued)

Characteristic	AFDC		AFDC-U	
	Earlier Cohort	Later Cohort	Earlier Cohort	Later Cohort
Average Number of Months on AFDC During 24 Months Prior to Initial Registration	15.2	16.0**	9.4	9.7
Held a Job at Any Time During Quarter Prior to Initial Registration (%)[b]	27.9	25.4	36.4	40.1
Held a Job at Any Time During Four Quarters Prior to Initial Registration (%)[b]	39.4	39.4	54.2	59.2*
Average Earnings During Quarter Prior to Initial Registration ($)[b]	458.61	377.37**	830.29	917.92
Average Earnings During Four Quarters Prior to Initial Registration ($)[b]	1583.10	1771.87	3106.59	3977.22***
Received Unemployment Compensation During Three Months Prior to Initial Registration (%)[b]	4.4	3.9	8.3	10.2
Average Amount of Unemployment Compensation During Three Months Prior to Initial Registration ($)[b]	34.01	29.67	62.83	75.76
Sample Size[c]	1769	1458	752	635

SOURCE: See Table 2.2.

NOTES: The earlier cohort registered between July 1985 and December 1985 and the later cohort registered between January 1986 and June 1986.

Distributions may not add to 100.0 percent due to rounding.

A chi-square test or t-test was applied to differences between cohorts within assistance categories. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; *** = 1 percent.

[a]AFDC-U cases can be redetermined as WIN-mandatory when an AFDC case becomes an AFDC-U case or when a previously exempt AFDC-U case (e.g., medically exempt) loses its exemption status.

[b]These data are calculated from the State of California Unemployment Insurance earnings records and include zero values for sample members not employed and for those not receiving Unemployment Compensation.

[c]For selected characteristics, sample sizes may vary up to 5 sample points due to missing data. 62 of these registrants were excluded from the impact analysis because they did not have social security numbers.

TABLE A.3

SWIM

SELECTED CHARACTERISTICS OF REGISTRANTS AT THE TIME OF INITIAL REGISTRATION, BY ASSISTANCE CATEGORY AND WELFARE STATUS

Characteristic	AFDC		AFDC-U	
	Applicant	Recipient	Applicant	Recipient
Office (%)				
Service Center	44.9	53.1***	50.1	50.7
San Diego West	55.1	46.9***	49.9	49.3
AFDC Status (%)				
Applicant	100.0	0.0***	100.0	0.0***
Renewed Recipient	0.0	54.1***	0.0	57.5***
Redetermined Recipient[c]	0.0	45.9***	0.0	42.5***
Average Age (Years)	33.9	34.3	31.0	35.6***
Sex (%)				
Male	12.9	6.1***	92.4	89.6*
Female	87.1	93.9***	7.6	10.4*
Ethnicity (%)				
White, Non-Hispanic	31.3	24.6***	29.6	17.6***
Black, Non-Hispanic	41.2	42.8	22.3	16.8**
Hispanic	21.8	28.2***	40.3	44.8
American Indian/Alaskan Native	1.0	0.3**	0.4	0.5
Asian and Pacific Islander	3.9	3.6	6.3	18.3***
Other	0.7	0.5	1.2	2.0
Degree Received (%)				
High School Diploma	52.6	45.1***	42.9	30.5***
GED	8.4	7.5	9.8	5.4***
None	39.1	47.4***	47.3	64.2***
Average Highest Grade Completed	11.2	10.7***	10.6	9.3***
Marital Status (%)				
Never Married	25.6	33.0***	12.8	8.3**
Married, Living with Spouse	8.3	4.3***	82.3	88.5***
Married, Not Living with Spouse	31.2	25.3***	2.8	2.2
Widowed or Divorced	35.0	37.4	2.2	1.1
Any Children (%)[b]				
Less Than 6 Years	7.0	12.0***	75.9	57.0***
Between 6 and 18 Years	91.0	89.9	49.7	69.0***
Mandatory AFDC With Child Less Than 6 (%)[c]	2.8	6.9***	1.0	0.9

(continued)

TABLE A.3 (continued)

Characteristic	AFDC		AFDC-U	
	Applicant	Recipient	Applicant	Recipient
Monolingual in a Language Other Than English (%)				
Spanish	7.0	9.2**	11.7	21.3***
Other	0.9	0.3**	0.4	2.5***
Undocumented Worker (%)	0.9	0.8	6.0	5.6
Activities Within 12 Months Prior to Initial Registration (%)[a]				
Job Search Workshop	10.7	20.5***	9.3	23.5***
EWEP	5.2	13.0***	3.5	14.3***
Education or Training	16.0	26.1***	10.1	22.2***
No Prior Activities	73.7	56.0***	81.2	56.3***
Current Activities (%)				
Employed 20 Hours or Less Per Week	6.5	7.3	3.6	10.4***
Employed 21-30 Hours Per Week	4.3	6.2**	2.8	3.6
Education or Training	9.7	17.7***	5.9	15.1***
Prior AFDC Dependency (%)				
Never on AFDC[a]	22.3	4.3***	52.0	7.5***
1-11 Months	12.8	3.2***	20.0	8.6***
12-23 Months	9.1	5.4***	8.7	13.4***
24-35 Months	9.1	7.4	6.6	16.8***
36-47 Months	7.6	8.8	3.5	14.3***
48-59 Months	6.3	7.3	3.1	12.2***
60 Months or More	32.8	63.5***	6.0	27.1***
Average Number of Months Ever on AFDC	47.[illegible]	83.6***	12.0	42.8***
Average Number of Months on AFDC During 24 Months Prior to Initial Registration	8.0	20.4***	3.7	18.1***
Ever Included on Someone Else's AFDC Case (%)	15.9	17.2	32.6	34.6
Length of Time Employed During 24 Months Prior to Initial Registration (%)				
Not Employed	33.9	60.3***	9.9	54.1***
1 Week to 6 Months	18.3	17.9	18.7	19.7
7-12 Months	15.3	11.2***	21.1	13.3***
13-18 Months	12.9	4.2***	18.2	5.4***
19-24 Months	19.5	6.3***	32.1	7.5***

(continued)

TABLE A.3 (continued)

Characteristic	AFDC		AFDC-U	
	Applicant	Recipient	Applicant	Recipient
Held a Job at Any Time During Quarter Prior to Initial Registration (%)[1]	38.6	19.1***	49.2	21.9***
Held a Job at Any Time During Four Quarters Prior to Initial Registration (%)[1]	50.5	32.3***	6E.3	39.2***
Held a Job at Any Time During Ten Quarters Prior to Initial Registration (%)[1]	59.6	46.6***	77.2	57.2***
Estimated Earnings During 24 Months Prior to Initial Registration (%)				
$0	33.9	60.2***	9.9	53.6***
$1 - $1,000	12.9	14.8	10.0	14.0**
$1,001 - $5,000	19.4	16.5**	22.9	18.6*
$5,001 - $10,000	16.2	6.3***	23.8	9.9***
Over $10,000	17.6	2.1***	33.4	3.9***
Average Earnings During Quarter Prior to Initial Registration ($)[1]	764.67	201.03***	1286.52	260.39***
Average Earnings During Four Quarters Prior to Initial Registration ($)[1]	2993.98	816.91***	5182.35	1057.39***
Average Earnings During Ten Quarters Prior to Initial Registration ($)[1]	6924.97	2178.16***	11,271.59	3349.14***
Received Unemployment Compensation During Three Months Prior to Initial Registration (%)[1]	7.8	1.8***	13.2	3.3***
Received Unemployment Compensation During 12 Months Prior to Initial Registration (%)[1]	12.5	4.3***	23.8	8.5***
Average Amount of Unemployment Compensation During Three Months Prior to Initial Registration ($)[1]	63.39	11.86***	100.40	22.33***

(Continued)

TABLE A.3 (continued)

Characteristic	AFDC		AFDC-U	
	Applicant	Recipient	Applicant	Recipient
Average Amount of Unemployment Compensation During 12 Months Prior to Initial Registration ($)[f]	237.54	55.17***	403.83	146.78***
Sample Size[g]	1267	1960	829	558

SOURCE: See Table 2.2.

NOTES: The sample for this table includes individuals who registered between July 1985 and June 1986.

Distributions may not add to 100.0 percent due to rounding.

A chi-square test or t-test was applied to differences between welfare statuses within assistance categories. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; *** = 1 percent.

[a]AFDC-U cases can be redetermined as WIN-mandatory when an AFDC case becomes an AFDC-U case or when a previously exempt AFDC-U case (e.g., medically exempt) loses its exemption status.

[b]Distributions may not add to 100.0 percent because sample members can have children in more than one category. In addition, some individuals, who are not part of their parents' case, may not have any children.

[c]A few AFDC-U's may be included in the "Mandatory AFDC With Child Less Than 6" category due to data entry errors or misinterpretation of the question.

[d]Distributions add to more than 100.0 percent because sample members can be included in more than one activity.

[e]A few recipients may be included in the "Never on AFDC" category due to data entry errors or misinterpretation of the question.

[f]These data are calculated from the State of California Unemployment Insurance earnings records and include zero values for sample members not employed and for those not receiving Unemployment Compensation.

[g]For selected characteristics, sample sizes may vary up to 5 sample points due to missing data. 62 of these registrants were excluded from the impact analysis because they did not have social security numbers.

TABLE B.1

SWIM

TWELVE-MONTH ACTIVITY MEASURES FOR EXPERIMENTALS,
BY ASSISTANCE CATEGORY

Activity Measures	AFDC	AFDC-U
Participated in Any Component, Excluding Employment While Registered	64.4	64.5
Participated in Job Search Activities	50.6	56.5***
Job Search Workshop	41.5	49.0***
Job Club	29.6	29.8
STAR	0.7	1.0
ISESA	5.2	7.4**
Union Job Search	0.0	1.3***
Other Job Search	1.2	1.6
Participated in Work Experience	19.5	19.3
EWEP	19.1	19.0
On-the-Job Training	0.7	0.7
Participated in Education or Training	24.3	16.6***
Program-Arranged Education or Training	14.3	9.8***
Program-Arranged Education	9.0	6.1**
Provided by Community Colleges	7.3	4.8**
Provided by JTPA	0.9	0.7
Other Providers	1.4	0.7
Program-Arranged Training	6.1	4.0**
Provided by Community Colleges	2.7	2.0
Provided by JTPA	1.0	1.3
Other Providers	2.5	0.9**
Self-Initiated Education or Training	12.8	8.4***
Provided by Community Colleges	8.5	6.3*
Provided by JTPA	0.4	0.6
Other Providers	4.8	2.0***
Employed While Registered[c]	39.0	34.4**
Moved Out of the SWIM Area	8.0	8.9
Deregistered	61.5	66.3**
Due to Sanctioning	10.6	8.4
Sample Size	1608	704

(continued)

TABLE B.1 (continued)

SOURCE: MDRC calculations from the County of San Diego Department of Social Services SWIM Automated Tracking System and EWEP attendance logs.

NOTES: The sample for this table consists of individuals who registered between July 1985 and June 1986.

Activity measures are calculated as a percentage of the total number of persons in the indicated assistance category. The twelve-month follow-up period begins at the point of initial registration.

Participation is defined as attending EWEP for at least one hour or any other activity for at least one day.

A chi-square test was applied to differences between assistance categories. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; *** = 1 percent.

[a]Program employment information is based on employment that was reported to program staff. Program employment data were not used to measure impacts.

TABLE B.2

SWIM

PERCENT OF REGISTRANTS WHO EVER ENROLLED IN COMMUNITY COLLEGE CONTINUING EDUCATION COURSES, BY TYPE OF COURSE, ASSISTANCE CATEGORY, WELFARE STATUS, AND RESEARCH GROUP

	AFDC						AFDC-U					
	Applicants		Recipients		Total		Applicants		Recipients		Total	
Type of Course	Experimentals	Controls	Experimentals	Controls	Experimentals	Controls	Experimentals	Controls	Experimentals	Controls	Experimentals	Controls
English as a Second Language	3.6%	3.1%	5.5%	3.3%	4.7%	3.2%	5.9%	3.6%	11.5%	8.7%	8.2%	5.6%
Adult Basic Education	2.5	2.1	6.9	2.4	5.1	2.3	2.2	1.2	4.7	1.9	3.3	1.5
GED Preparation or High School	10.4	9.7	14.5	7.3	12.8	8.2	10.5	8.8	10.2	3.4	10.4	6.7
Vocational	16.8	15.2	20.4	14.3	19.0	14.6	8.1	6.4	13.2	8.7	10.2	7.3
Consumer	3.7	2.7	4.1	3.9	3.9	3.5	2.2	2.1	0.7	1.1	1.6	1.8
Citizenship	0.3	1.0	0.9	0.5	0.7	0.7	2.0	1.0	1.7	0.8	1.8	0.9
Miscellaneous	1.7	2.1	1.5	2.3	1.6	2.2	0.7	0.5	1.0	1.1	0.9	0.7
Sample Size	647	620	961	999	1608	1619	409	420	295	263	704	683

SOURCE: MDRC calculations from the San Diego Community College District Student Information System.

NOTES: The sample for this table consists of individuals who registered between July 1985 and June 1986.

Activity measures are calculated as a percentage of the total number of persons in the indicated assistance category, welfare status, and research group. Follow-up begins at the point of initial registration, and ends June 30, 1988. This results in varying lengths of follow-up for each sample member. For example, individuals who registered in July 1985 have 3 years of follow-up while those who registered in June 1986 are followed for 2 years.

Participation is defined as enrolling in a community college program for at least one day.

Tests of statistical signficance of differences between research groups were not calculated.

TABLE B.3

SWIM

PERCENT OF REGISTRANTS WHO EVER PARTICIPATED IN JTPA-FUNDED ACTIVITIES, BY TYPE OF PROGRAM, ASSISTANCE CATEGORY, WELFARE STATUS, AND RESEARCH GROUP

	AFDC						AFDC-U					
	Applicants		Recipients		Total		Applicants		Recipients		Total	
Type of Program	Experimentals	Controls	Experimentals	Controls	Experimentals	Controls	Experimentals	Controls	Experimentals	Controls	Experimentals	Controls
Pilot Learning Laboratories	1.9%	0.2%	5.9%	0.1%	4.3%	0.1%	1.2%	0.2%	4.4%	1.5%	2.6%	0.7%
English as a Second Language	0.0	0.0	0.1	0.0	0.1	0.0	0.2	0.0	0.7	0.0	0.4	0.0
Adult Basic Education	0.6	0.0	2.2	0.1	1.6	0.1	0.5	0.2	2.0	1.1	1.1	0.6
GED Preparation	1.2	0.2	3.6	0.0	2.7	0.1	0.5	0.0	1.7	0.4	1.0	0.1
Job Search Assistance	3.1	0.5	3.7	0.6	3.5	0.6	2.0	1.2	5.4	0.0	3.4	0.7
On-the-Job Training	2.0	0.6	3.6	0.5	3.0	0.6	2.2	1.4	4.4	0.0	3.1	0.9
Occupational Skills Training	3.1	2.1	2.1	1.6	2.5	1.8	2.2	2.1	1.7	2.3	2.0	2.2
Other Programs[a]	0.9	0.6	0.4	0.6	0.6	0.6	0.7	0.2	0.7	0.0	0.7	0.1
Sample Size	647	620	961	999	1608	1619	409	420	295	263	704	683

SOURCE: MDRC calculations from the San Diego County JTPA Management Information System.

NOTES: The sample for this table consists of individuals who registered between July 1985 and June 1986.

Activity measures are calculated as a percentage of the total number of persons in the indicated assistance category, welfare status, and research group. Follow-up begins at the point of initial registration, and ends June 30, 1988. This results in varying lengths of follow-up for each sample member. For example, individuals who registered in July 1985 have 3 years of follow-up while those who registered in June 1986 are followed for 2 years.

Participation is defined as attending a JTPA-funded activity for at least one day.

Tests of statistical signficance of differences between research groups were not calculated.

[a]"Other Programs" include youth education, work experience, pre-employment, and pre-OJT.

TABLE C.1

SWIM

ALL AFDC: ESTIMATED REGRESSION COEFFICIENTS FOR EMPLOYMENT AND WELFARE MEASURES IN QUARTER NINE

Variable	Variable Mean	Ever Employed (%)	Earnings ($)	Received AFDC (%)	AFDC Payments ($)
Experimental Group Member	.500	+5.42*** (1.57)	+146.18*** (48.92)	-7.39*** (1.61)	-129.34*** (27.80)
AFDC Status					
Applicant	.392	-6.12*** (2.15)	-176.84*** (67.04)	+0.48 (2.21)	+37.21 (38.10)
Recipient	.608	---	---	---	---
Prior Employment History					
Ever Employed in the Quarter Prior to Random Assignment	.265	+11.15*** (2.83)	+113.85 (88.21)	-3.86 (2.91)	-106.68** (50.14)
Ever Employed in the Year Prior to Random Assignment	.393	+10.56*** (2.52)	+26.55 (78.37)	+0.27 (2.58)	+2.64 (44.54)
Earnings in the Year Prior to Random Assignment (in Thousands)	1.567	+1.12*** (0.29)	+100.47*** (8.99)	+0.54* (0.30)	+8.24 (5.11)
High School Diploma or GED	.561	+6.63*** (1.75)	+304.28*** (54.57)	-3.09* (1.80)	-72.17** (31.02)
Prior AFDC History					
Received AFDC in 18 Months Prior to Random Assignment					
No Months	.227	---	---	---	---
1 to 17 Months	.301	+0.97 (3.84)	-33.57 (119.57)	+1.57 (3.94)	-236.39*** (67.96)
All 18 Months	.472	+3.13 (4.49)	-7.25 (139.73)	+15.68*** (4.60)	-47.57 (79.41)
Average Monthly AFDC Payments in 18 Months Prior to Random Assignment (Counting only Months Received, Zero if No Welfare) (in Thousands)	.378	-12.56* (7.53)	-262.22 (234.24)	+43.63*** (7.72)	+1324.70*** (133.13)
On AFDC for at Least 60 Months in the Past	.517	-6.96*** (1.80)	-264.46*** (56.16)	+7.65*** (1.85)	+144.06*** (31.92)

(continued)

TABLE C.1 (continued)

Variable	Variable Mean	Ever Employed (%)	Earnings ($)	Received AFDC (%)	AFDC Payments ($)
Family Status					
Number of Children	1.756	+1.01	+11.98	+1.35	+103.05***
		(0.91)	(28.39)	(0.94)	(16.14)
Any Children Less than 6	.100	+3.44	+129.11	+4.35	+45.03
		(2.75)	(85.61)	(2.82)	(48.66)
Marital Status					
Never Married	.301	+6.02***	+71.98	+1.48	+3.35
		(2.19)	(68.17)	(2.25)	(38 75)
Divorced/Widowed	.365	+6.58***	+152.84**	-0.62	-26.20
		(1.94)	(60.37)	(1.99)	(34.31)
Married	.334	---	---	---	---
Age Greater than or Equal to 35	.459	+1.50	-18.93	-5.49***	-148.06***
		(1.72)	(53.66)	(1.77)	(30.50)
Ethnicity					
Black, Non-Hispanic	424	+0.19	-95.40	+6.16***	+93.58***
		(1.94)	(60.51)	(1.99)	(34.39)
Hispanic	.254	+4.44**	-2.53	+5.28**	+98.48**
		(2.25)	(69.96)	(2.30)	(39.76)
White, Non-Hispanic	.322	---	---	---	---
Female	.913	+2.91	-8.73	+2.33	-64.30
		(2.93)	,91.18)	(3.00)	(51.82)
Office					
Service Center	.499	+1.42	+29.98	+4.69***	+60.76**
		(1.63)	(50.68)	(1.67)	(28.81)
San Diego West	.501	---	---	---	---
Constant	---	14.04	500.85	23.06	335.05
Unadjusted R^2		0.0953	0.1151	0.1646	0.2169
Model F		17.7	21.8	33.1	46.5
Dependent Variable Mean		32.0	692.73	55.0	857.01
Sample Size		3211	3211	3211	3211

(continued)

TABLE C.1 (continued)

SOURCE: MDRC calculations from the County of San Diego AFDC records and the State of California Unemployment Insurance earnings records.

NOTES: The sample for this table includes individuals who registered between July 1985 and June 1986.

Coefficients are estimated by ordinary least squares. Numbers in parentheses are estimated standard errors.

"Employed" and "Received AFDC" are dichotomous variables. "Earnings" and "AFDC Payments" are dollar variables and include cases with zero values for those not employed and for those not receiving welfare.

Where ambiguous, reference categories for dummy variables are shown in the table with dashes. All reference categories are [a] control group [b] recipient [c] not employed in the quarter prior to random assignment [d] not employed in the year prior to random assignment [e] no high school diploma or GED [f] received AFDC no months in the 18 months prior to random assignment [g] on AFDC for less than 60 months in the past [h] no children less than 6 [i] married [j] age 18 to 34 [k] white, non-Hispanic [l] male [m] San Diego West.

A two-tailed t-test was applied to each coefficient. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; *** = 1 percent.

TABLE D.1

SWIM

ALL AFDC-U: ESTIMATED REGRESSION COEFFICIENTS FOR
EMPLOYMENT AND WELFARE MEASURES IN QUARTER NINE

Variable	Variable Mean	Ever Employed (%)	Earnings ($)	Received AFDC (%)	AFDC Payments ($)
Experimental Group Member	.512	+6.46**	+130.19	-1.19	-141.69***
		(2.57)	(99.56)	(2.57)	(54.73)
AFDC Status					
Applicant	.595	-1.00	-114.90	+2.14	+62.58
		(3.57)	(138.21)	(3.57)	(75.98)
Recipient	.405	---	---	---	---
Prior Employment History					
Ever Employed in the Quarter Prior to Random Assignment	.382	+10.26***	+73.15	+3.94	+45.60
		(3.82)	(147.90)	(3.82)	(81.30)
Ever Employed in the Year Prior to Random Assignment	.565	+6.95*	+55.08	-3.97	-68.62
		(3.77)	(145.85)	(3.77)	(80.18)
Earnings in the Year Prior to Random Assignment (in Thousands)	3.323	+1.24***	+105.08***	-0.25	-4.49
		(0.30)	(11.45)	(0.30)	(6.30)
High School Diploma or GED	.470	+3.37	+178.78	-5.06*	-110.01*
		(2.86)	(110.52)	(2.85)	(60.76)
Prior AFDC History					
Received AFDC in 18 Months Prior to Random Assignment					
No Months	.336	---	---	---	---
1 to 17 Months	.341	-2.71	-279.99	+28.64***	+132.03
		(6.10)	(236.17)	(6.10)	(129.83)
All 18 Months	.323	-3.95	-335.18	+45.76***	+464.58***
		(7.56)	(292.51)	(7.55)	(160.80)
Average Monthly AFDC Payments in 18 Months Prior to Random Assignment (Counting only Months Received, Zero if No Welfare) (in Thousands)	.386	-6.61	-83.30	-9.30	+581.75**
		(11.04)	(427.14)	(11.03)	(234.81)
On AFDC for at Least 60 Months in the Past	.148	+4.30	+11.27	+2.91	+96.12
		(4.03)	(156.08)	(4.03)	(85.80)

(continued)

TABLE D.1 (continued)

Variable	Variable Mean	Ever Employed (%)	Earnings ($)	Received AFDC (%)	AFDC Payments ($)
Family Status					
Number of Children	2.372	-0.92	-27.65	+3.11**	+148.64***
		(1.22)	(47.05)	(1.21)	(25.87)
Any Children Less than 6	.715	+3.31	+160.08	+1.52	+94.5[illegible]
		(3.21)	(124.24)	(3.21)	(68.30)
Marital Status					
Married, Living with Spouse	.853	+4.42	+35.16	-2.32	-50.16
		(3.75)	(145.25)	(3.75)	(79.85)
Never Married; Divorced; Widowed; Married, not Living with Spouse	.147	---	---	---	---
Age Greater than or Equal to 35	.397	-3.51	-211.86*	-1.76	-60.90
		(2.96)	(114.46)	(2.96)	(62.92)
Ethnicity					
Black, Non-Hispanic	.208	+5.40	+106.50	+8.15**	+162.46**
		(3.62)	(139.92)	(3.61)	(76.92)
Hispanic	.403	+12.59***	+322.25**	+2.76	+17.16**
		(3.24)	(125.30)	(3.24)	(68.88)
White, Non-Hispanic	.389	---	---	---	---
Female	.090	+4.16	+52.33	-9.71**	-311.34***
		(4.57)	(176.73)	(4.56)	(97.15)
Office					
Service Center	.507	-2.48	+78.21	-0.85	+7.46
		(2.76)	(106.63)	(2.75)	(58.61)
San Diego West	.493	---	---	---	---
Constant	---	20.48	647.87	24.51	307.61
Unadjusted R^2		0.1094	0.1438	0.1435	0.2044
Model F		9.0	12.3	12.3	18.9
Dependent Variable Mean		40.5	1095.39	49.9	987.90
Sample Size		1341	1341	1341	1341

SOURCE AND NOTES: See Table C.1, except that in this table reference category [i] is "never married; divorced; widowed; married, not living with spouse."

TABLE E.1

SWIB

SUMMARY OF ALLOWANCES AND SUPPORT SERVICES,
BY TYPE OF SERVICE AND COMPONENT

Component	Type of Support Service			
	Transportation	Incentives	"Entered Employment" Stipends	Childcare[a]
Job Search Workshop	$5/day of attendance	none available	$5/day, up to first paycheck (maximum = $50) plus needed tools, uniforms, books	$1.25/child/hour
EWEP	$1.60-$2.00/day for bus travel; $.20-$.21/mile for auto use; paid per participated day prior to September 1986, per assigned day as of September 1986	none available	$5/day, up to first paycheck (maximum = $50) plus needed tools, uniforms, books	$1.25/child/hour
Job Club	$5/day of attendance	none available	$5/day, up to first paycheck (maximum = $50) plus needed tools, uniforms, books	$1.25/child/hour
STAR	$5/day of attendance	none available	$5/day, up to first paycheck (maximum = $50) plus needed tools, uniforms, books	$1.25/child/hour
ISESA	some bus tokens given out	none available	$5/day, up to first paycheck (maximum = $50) plus needed tools, uniforms, books	$1.25/child/hour
Program-Arranged Education	none available	none available	$5/day, up to first paycheck (maximum = $50) plus needed tools, uniforms, books	$1.25/child/hour

(continued)

TABLE E.1 (continued)

Component	Type of Support Service			
	Transportation	Incentives	"Entered Employment" Stipends	Childcare[a]
Program-Arranged Training	$5/day of attendance	$1.50/day of attendance	$5/day, up to first paycheck (maximum = $50) plus needed tools, uniforms, books	$1.25/child/hour
Self-Initiated Education or Training	none available	none available	$5/day, up to first paycheck (maximum = $50) plus needed tools, uniforms, books	none available
Employment While Registered	none available	none available	$5/day, up to first paycheck (maximum = $50) plus needed tools, uniforms, books	none available

SOURCE: Program documents and interviews with program staff.

NOTES: [a]During the second year of SWIM, a maximum of $250 per month per child was allowed.

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